

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “1933 Act”), or any applicable state securities laws, and may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States of America its territories and possessions, any State of the United States or the District of Columbia (the “United States”) or “U.S. persons” (“U.S. Persons”), as such term is defined in Regulation S promulgated under the 1933 Act, unless an exemption from the registration requirements of the 1933 Act and any applicable state securities laws is available. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to, or for the account or benefit of, persons in the United States or U.S. Persons. See “Plan of Distribution”.

Initial Public Offering

September 13, 2011

PROSPECTUS



**MINIMUM OFFERING: \$1,501,950
MAXIMUM OFFERING: \$3,000,000
UP TO: 10,000,000 UNITS
PRICE: \$0.30 PER UNIT**

**EACH UNIT CONSISTING OF ONE COMMON SHARE AND
ONE COMMON SHARE PURCHASE WARRANT**

This prospectus (the “Prospectus”) qualifies the distribution (the “Offering”) by Red Ore Gold Inc. (“Red Ore” or the “Company”) of a minimum of 5,006,500 units (the “Units”) (the “Minimum Offering”) and up to a maximum of 10,000,000 Units (the “Maximum Offering”) at a price of \$0.30 per Unit (the “Offering Price”) for minimum gross proceeds of \$1,501,950 and maximum gross proceeds of \$3,000,000. Each Unit is comprised of one common share (a “Common Share”) of the Company and one transferable Common Share purchase warrant (a “Warrant”) with each Warrant being exercisable into one Common Share (a “Warrant Share”) until the date that is 2 years from the Closing Date (as hereinafter defined) at a price of \$0.40 per Warrant Share, subject to adjustment in accordance with the terms of the Warrant Indenture (as hereinafter defined).

The Offering is being made to investors resident in British Columbia, Alberta, and Ontario, and other jurisdictions where it may lawfully be sold. The Offering will be conducted in accordance with the terms and conditions contained in an agency agreement (the “Agency Agreement”) dated September 13, 2011 between the Company and PI Financial Corp. (the “Agent”). See “Plan of Distribution”.

	Number of Units	Price to Public	Agent’s Commission⁽¹⁾⁽²⁾	Net Proceeds to Company⁽³⁾
Per Unit	1	\$0.30	\$0.03	\$0.27
Minimum Offering	5,006,500	\$1,501,950	\$150,195	\$1,351,755
Maximum Offering ⁽⁴⁾	10,000,000	\$3,000,000	\$300,000	\$2,700,000

- (1) Pursuant to the terms of the Agency Agreement, the Company has agreed to pay the Agent a cash commission (the “Agent’s Commission”) equal to 10% of the gross proceeds of the Offering payable in cash or units (the “Commission Units”) or any combination thereof at the option of the Agent on the Closing (as hereinafter defined). Each Commission Unit will be comprised of one Common Share (a “Commission Unit Share”) and one non-transferable Commission Unit Warrant with each Commission Unit Warrant being exercisable into one Common Share (a “Commission Unit Warrant Share”) until the date that is 2 years from the Closing Date at a price of \$0.40 per Commission Unit Warrant Share. The Agent will also be paid a corporate finance fee of \$25,000 plus HST (the “Corporate Finance Fee”), of which \$12,500 plus HST has been advanced by the Company and is non-refundable, with the remaining \$12,500 plus HST to be paid in cash on Closing. The Company will also grant to the Agent compensation options (the “Compensation Options”) entitling the Agent to purchase up to that number of Common Shares of the Company (the “Compensation Option Shares”) equal to 10% of the number of Units sold under the Offering, at a price of \$0.30 per Compensation Option Share for a period of 2 years from the Closing Date. This Prospectus also qualifies for distribution the Commission Units and the Compensation Options that may be qualified for distribution under the Prospectus pursuant to National Instrument 41-101 (“NI 41-101”). See “Note 2” below. The Agent will also be reimbursed for its legal fees and expenses resulting from the Offering for which the Company has advanced a deposit of \$20,000. See “Plan of Distribution”.
- (2) NI 41-101 imposes a restriction on the maximum number of securities which may be distributed under a prospectus to an Agent as compensation (“Qualified Compensation Securities”). Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to this Prospectus, which in the case of this Offering is of 1,001,300 securities (Minimum Offering) and 2,000,000 securities (Maximum Offering). For the purposes of the Offering, any combination of the following are Qualified Compensation Securities (within the aggregate amounts set forth above) and are qualified for distribution by this Prospectus: (a) up to 500,650 Compensation Options (Minimum Offering) and 1,000,000 Compensation Options (Maximum Offering); and (b) up to 500,650 Commission Unit Shares (Minimum Offering) and 1,000,000 Commission Unit Shares (Maximum Offering) and up to 500,650 Commission Unit Warrants (Minimum Offering) and 1,000,000 Commission Unit Warrants (Maximum Offering). To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the securities issued under the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.
- (3) Before deducting the balance of the estimated expenses of \$91,500 of the Company and the Agent relating to the Offering. See “Use of Proceeds”.
- (4) If the Over-Allotment Option (as hereinafter defined) is exercised in full by the purchase of Over-Allotment Units (as hereinafter defined) only, the total Price to the Public will be \$3,450,000, the total Agent’s Commission will be \$345,000 and the total net proceeds to the Company will be \$3,105,000 before deducting the expenses of the Offering (assuming the Agent elects to receive the Agent’s Commission in cash assuming completion of the Maximum Offering).

The Company has also granted the Agent an option (the “Over-Allotment Option”) exercisable in whole or in part in the sole discretion of the Agent at any time up to 5:00 p.m. (Vancouver time) on the date that is 30 days following the Closing Date, solely to cover over-allotments, if any, and for market stabilization purposes, to purchase (i) up to an aggregate number of additional Units equal to 15% of the number of Units sold under the Offering (“Over-Allotment Units”); (ii) up to an aggregate number of additional Warrants equal to 15% of the number of Units sold under the Offering (“Additional Warrants”); or (iii) any combination of Over-Allotment Units and Additional Warrants so long as the aggregate number of additional Common Shares does not exceed 1,500,000 and the aggregate number of additional Warrants does not exceed 1,500,000 assuming completion of the Maximum Offering. The purchase price of each Over-Allotment Unit under the Over-Allotment Option will be equal to the Offering Price and the purchase price of each Additional Warrant under the Over-Allotment Option will be \$0.001 per Additional Warrant. See “Plan of Distribution”. This Prospectus qualifies for distribution the Over-Allotment Option and the distribution of the Over-Allotment Units and Additional Warrants to be issued by the Company upon exercise of the Over-Allotment Option.

A purchaser who acquires any Over-Allotment Units or Additional Warrants acquires those securities under this Prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. References to “Units” in this Prospectus shall include the Over-Allotment Units, references to “Warrants” shall include the Additional Warrants, and references to the “Offering” shall include the exercise of the Over-Allotment Option, as applicable in the context used.

The Offering Price of \$0.30 per Unit and the terms of this Offering have been determined by negotiation between the Company and the Agent.

PI Financial Corp. (the “Agent”) conditionally offers the Units on a commercially reasonable efforts basis, if, as and when issued by the Company and delivered and accepted by the Agent in accordance with the conditions contained in the Agency Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the Company by Gowling Lafleur Henderson LLP and on behalf of the Agent by Miller Thomson LLP. Subscriptions for Units offered under this Prospectus will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Offering will remain open until such date as may be agreed upon by the Company and the Agent, but no later than the date that is 90 days after a receipt is issued by the principal regulator pursuant to National Policy 11-202 (“NP 11-202”) *Process for Prospectus Review in Multiple Jurisdictions* for the final Prospectus, unless an amendment to the final Prospectus is filed and the principal regulator has issued a receipt for the amendment, in which case the Offering must cease within 90 days after the date of the receipt for the amendment to the final Prospectus. Notwithstanding the above, the total period of the Offering must not end more than 180 days from the date of the initial receipt for the final Prospectus.

Other than Units offered or sold to, or for the account or benefit of, persons in the United States or U.S. Persons, which will be represented by individual certificates, it is anticipated that a certificate or certificates representing the Common Shares and the Warrants comprising the Units will be issued in registered form to CDS Clearing and Depository Services Inc. (“CDS”) or its nominee as a global security and will be deposited with CDS on the date of Closing. A purchaser of Units (other than a purchaser of Units in the United States, a U.S. Person or a person acting for the account or benefit of a person in the United States or a U.S. Person or a purchaser offered such securities in the United States) will receive only a customer confirmation from a registered dealer that is a CDS participant and from or through which the Units are purchased. See “Plan of Distribution”.

In accordance with applicable laws and policies, the Agent may effect transactions that stabilize or maintain the market price of the Company’s common shares (the “Shares”) at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”. As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States (excluding the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Company has applied to have its Common Shares listed on the TSX Venture Exchange. The listing of its Common Shares will be conditional upon the Company fulfilling all listing requirements and conditions of the Exchange.

No person is authorized by the Company to provide any information or make any representations other than those contained in this Prospectus in connection with the issue and sale of the securities offered hereunder.

The Agent’s position is as follows:

Agent's Position	Minimum Offering	Maximum Offering	Exercise Period or Acquisition Date	Exercise Price or Average Acquisition Price
Compensation Options ⁽¹⁾	500,650 Compensation Options	1,000,000 Compensation Options	expires 2 years after the Closing Date	\$0.30 per Compensation Option
Commission Unit Shares ⁽¹⁾	500,650 Commission Unit Shares	up to 1,000,000 Commission Unit Shares	Closing Date	\$0.30 per Commission Unit Share
Commission Unit Warrants ⁽¹⁾	500,650 Commission Unit Warrants	up to 1,000,000 Commission Unit Warrants	expires 2 years after the Closing Date	\$0.40 per Commission Unit Warrant
Over-Allotment Units ^{(2) (3)}	750,975 Over-Allotment Units	up to 1,500,000 Over-Allotment Units	30 days from the Closing Date	\$0.30 per Over-Allotment Unit

(1) This Prospectus qualifies for distribution those Compensation Options, Commission Unit Shares and Commission Unit Warrants that are Qualified Compensation Securities. The securities received by the Agent which are not Qualified Compensation Securities will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws. See "Plan of Distribution".

(2) Assumes the Over-Allotment Option is exercised in full by the purchase of Over-Allotment Units only.

(3) This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Over-Allotment Units and Additional Warrants.

Robert Schellenberg, a director of the Company and of the Promoter resides outside of Canada. Although Mr. Schellenberg has appointed the Company as his agent for service of process in Ontario it may not be possible for investors to enforce judgements obtained in Canada against Mr. Schellenberg.

An investment in the securities offered hereunder by the Company should be considered speculative due to the nature of the business of the Company, its present stage of development, and other risk factors. Investors should not invest any funds in this Offering unless they can afford to lose their entire investment. Investors must be willing to rely on the ability, expertise, judgment and discretion of the management. See "Risk Factors".

PI Financial Corp.
 1900 - 666 Burrard Street
 Vancouver, British Columbia V6C 3N1
 Telephone: 604 664-2900
 Facsimile: 604 664-3660

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GLOSSARY

Unless the context otherwise provides, the following terms used in this Prospectus and the Schedules hereto shall have the meanings ascribed to them as set forth below:

“Additional Warrants”	the transferable Warrants which will be issued upon exercise of the Over-Allotment Option pursuant to the Warrant Indenture.
“Additional Warrant Price”	means \$0.001 per Additional Warrant.
“Additional Warrant Share”	means a Common Share issuable on exercise of an Additional Warrant.
“Agency Agreement”	the agency agreement between Red Ore and the Agent dated September 13, 2011.
“Agent”	PI Financial Corp.
“Agent’s Commission”	the fee equal to 10% of the proceeds raised from the Offering, payable at the Agent’s election in either cash or Commission Units, or any combination thereof, to the Agent by the Company on Closing.
“Auditor”	BDO Canada LLP, auditor to the Company.
“BCA”	<i>Business Corporations Act</i> (British Columbia).
“BCE” or “Bottle Creek”	Bottle Creek Exploration LLC, a Nevada limited liability company in which the Company holds a 60% interest.
“Bottle Creek Claims”	the 938 unpatented mining claims situated in T40N, R32E, T40N, R33E, T41N, R32E and T41N, R43E, MDB&M, Humboldt County, Nevada, USA.
“Bottle Creek Project”, the “Project” or the “Bottle Creek Property”	the mining project that consists of the Bottle Creek Claims held by BCE (subject to certain underlying payments and net smelter return royalties).
“Closing”	the completion of the Offering.
“Closing Day” or Closing Date”	the day/date on which Closing occurs.
“Commission Share”	a Common Share comprising part of a Commission Unit.
“Commission Unit Warrant”	a non-transferable Common Share purchase warrant comprising part of a Commission Unit and exercisable to acquire one Commission Unit Warrant Share for a period of 2 years from the Closing Date at a price of \$0.40 per Commission Unit Warrant Share.
“Commission Unit Warrant Share”	a Common Share issuable on exercise of a Commission Unit Warrant.
“Commission Units”	those Units issuable at the election of the Agent, in whole or in part, for the Agent’s Commission.
“Common Share”	a common share without par value in the capital of the Company.

“Compensation Option”	the option to be granted by the Company to the Agent entitling the Agent to purchase that number of Compensation Option Shares as is equal to 10% of the number of Units sold to investors under the Offering, exercisable for a period of 2 years from the Closing Date, at a price of \$0.30 per Compensation Option Share.
“Compensation Option Share”	a Common Share issuable on exercise of a Compensation Option.
“Corporate Finance Fee”	the fee payable to the Agent for corporate finance services equal to \$25,000 plus HST, half of which is non-refundable and has been paid to the Agent and the remainder of which is to be paid to the Agent by the Company on Closing pursuant to the terms of the Agency Agreement.
“Engagement Letter”	the engagement letter between Red Ore and the Agent dated June 3, 2011 relating to the Offering.
“Escrow Agent”	Capital Transfer Agency Inc.
“Escrow Agreement”	the escrow agreement, in the form prescribed by NP 46-201, to be entered into prior to the closing of the Offering among certain principals, certain shareholders, the Escrow Agent and Red Ore whereby the Escrowed Securities are held in escrow by the Escrow Agent.
“Escrowed Securities”	those Common Shares which are subject to the Escrow Agreement.
“Exchange”	TSX Venture Exchange.
“Final Prospectus”	the long form final prospectus of Red Ore in respect of the Offering in the form required by NI 41-101, Form 41-101F1.
“Galahad”	Galahad Metals Inc., the parent company of the Company.
“GGE”	Golden Gryphon Explorations Inc., the parent company of Golden Gryphon USA, Inc., which owns a 40% interest in Bottle Creek Explorations LLC.
“Listing Date”	the date the Company’s Shares are listed for trading on the Exchange.
“NI 41-101”	National Instrument 41-101 (General Prospectus Requirements).
“NI 43-101”	National Instrument 43-101 (Standards of Disclosure for Mineral Properties).
“NP 11-202”	National Policy 11-202 (Process for Prospectus Reviews in Multiple Jurisdictions).
“NP 46-201”	National Policy 46-201 (Escrow for Initial Public Offerings).
“Offering”	the initial public offering of such number of Units at a price of \$0.30 per Unit, subject to a minimum of 5,006,500 Units and a maximum of 10,000,000 Units, to raise total gross proceeds of a minimum of \$1,501,950 or a maximum of \$3,000,000.
“Offering Price”	\$0.30 per Unit.

“Over-Allotment Option”	the option of the Agent to purchase (i) up to an aggregate number of Over-Allotment Units equal to 15% of the number of Units sold under the Offering; (ii) up to an aggregate number of Additional Warrants equal to 15% of the number of Units sold under the Offering; or (iii) any combination of Over-Allotment Units and Additional Warrants so long as the aggregate number of additional Common Shares does not exceed 1,500,000 and the aggregate number of Additional Warrants does not exceed 1,500,000 (assuming completion of the Maximum Offering).
“Over-Allotment Units”	the Units which will be issued pursuant to the exercise of the Over-Allotment Option.
“Prospectus”	this prospectus and any appendices, schedules or attachments hereto.
“Red Ore” or the “Company”	Red Ore Gold Inc., a company incorporated under the laws of British Columbia.
“Tax Act”	means the <i>Income Tax Act</i> (Canada).
“Technical Report”	the report titled “Geological Report on the Bottle Creek Project” dated May 9, 2011 prepared in compliance with NI 43-101 for the Company by PAC Geological Consulting Inc. and Orequest Consultants Ltd.
“Unit”	means one Common Share and one Warrant.
“Warrant”	a transferable Common Share purchase warrant of Red Ore comprising part of a Unit and exercisable to acquire one Warrant Share for a period of 2 years from the Closing Date at a price of \$0.40, on the terms and conditions of the Warrant Indenture
“Warrant Agent”	means Capital Transfer Agency Inc., in its capacity as warrant agent under the Warrant Indenture.
“Warrant Indenture”	means the warrant indenture to be entered on the Closing Date between the Company and the Warrant Agent.
“Warrant Share”	a Common Share issuable upon exercise of a Warrant.

CURRENCY

In this Prospectus, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to \$ are to Canadian dollars. References to US\$ are to United States dollars.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains “forward-looking information” within the meaning of applicable Canadian securities regulations (collectively, “forward-looking information”). The forward-looking information contained in this Prospectus is made as of the date of this Prospectus. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information.

Forward-looking information includes, but is not limited to, statements with respect to the future price of minerals and the effects thereof, the estimation of mineralization, the timing and amount of estimated capital expenditures, costs and timing of proposed activities, plans and budgets for and expected results of exploration activities, permitting time-lines, renewal of mining claims, requirements for additional capital, listing of the Common Shares on the Exchange, government regulation of mining operations, environmental risks, reclamation obligations and

expenses, title disputes or claims, adequacy of insurance coverage, the availability of qualified labour, acquisition plans and strategies, the payment of dividends in the future, joint venture risks, and the Company's use of the proceeds of the Offering. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or the negatives thereof or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

This forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for minerals being targeted by the Company will be sustained or will improve, the supply of minerals targeted by the Company will remain stable, that the Company's current exploration programs and objectives can be achieved, that the exchange rates of the U.S. and Canadian currencies in 2011 and 2012 will be consistent with the Company's expectations, that general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms, the Company obtaining all necessary governmental approvals and permits in connection with its planned exploration activities and that the Company will not experience any material accident, labour dispute, or failure of plant or equipment.

While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, the risk that actual results of exploration activities will be different than anticipated, that cost of labour, equipment or materials increase more than expected, that the future price of minerals targeted by the Company will decline, that changes in project parameters as plans continue to be refined may result in increased costs, that plant, equipment or processes will fail to operate as anticipated, that accidents, labour disputes and other risks generally associated with mining may occur, that unanticipated delays in obtaining governmental approvals or financing or in the completion of development or construction activities may occur, currency fluctuations, as well as those factors discussed in the section entitled "Risk Factors" in this Prospectus. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof.

ELIGIBILITY FOR INVESTMENT

In the opinion of Gowling Lafleur Henderson LLP, based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), and any specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, provided that either: (i) the Common Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the Exchange); or (ii) the Company is a "public corporation", as defined in the Tax Act, the Common Shares, the Warrants and the Warrant Shares would, if issued on the date hereof, be "qualified investments" under the Tax Act for trusts governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan, registered education savings plan, registered disability savings plan and tax-free savings account ("TFSA") under the Tax Act (collectively, the "Plans"), subject to the specific provisions of such Plans, and provided, in the case of the Warrants, the Company deals at arm's length with each person who is an annuitant, a beneficiary, an employer or a subscriber under the Plans.

The Common Shares are not currently listed on a "designated stock exchange". The Company is applying to list the Common Shares on the Exchange concurrently with the Closing. However, the Common Shares may not be listed on the Exchange on the Closing. Accordingly, it is counsel's understanding that the Company intends to make an election, pursuant to the Tax Act, to be a "public corporation" on the same day of, but after, the Closing (the "Election"). The Company will make the Election on the reliance that the Canada Revenue Agency will administratively accept that the Election, if validly made in satisfaction of the minimum requirements set out in the Tax Act and the Regulations, and duly filed, will render the Common Shares issued on the Closing to be qualified investments for the Plans at the time of issuance (the "Issuer's Reliance"). If the Issuer's Reliance is incorrect, and

the Common Shares are not listed on the Exchange at the time of Closing, then the Common Shares, Warrants and Warrant Shares will not be “qualified investments” for a Plan on the Closing.

Notwithstanding that the Common Shares, Warrants or Warrant Shares may be a qualified investment under the Tax Act, the holder of a trust governed by a TFSA or, if certain proposals contained in the June 6, 2011 Federal Budget are enacted as proposed, the annuitant under an RRSP or RRIF that holds Common Shares, Warrants or Warrant Shares will be subject to penalty taxes if such Common Shares, Warrants or Warrant Shares are a “prohibited investment” for the purposes of the Tax Act. Common Shares, Warrants and Warrant Shares will generally be a “prohibited investment” if the holder or the annuitant, as the case may be, does not deal at arm’s length with the Company for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a “significant interest” (within the meaning of the Tax Act) in the Company or a corporation, partnership or trust with which the Company does not deal at arm’s length for the purposes of the Tax Act. Prospective holders who intend to hold the Common Shares, Warrants or Warrant Shares in a TFSA, RRSP or RRIF are urged to consult their own tax advisors regarding their particular circumstances.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

The Company: The Company is engaged in the business of acquisition, exploration and development of mineral properties in the United States. Its objective is to locate and develop precious and base metals properties of merit and to conduct its exploration program on the Bottle Creek Claims, which are held (subject to certain underlying payments and net smelter return royalties) by Bottle Creek Explorations LLC, which is owned 60% by the Company. See “*Description of the Business*”.

The Offering: The Company is offering a minimum of 5,006,500 Units and up to a maximum of 10,000,000 Units, for sale in the Provinces of British Columbia, Alberta, and Ontario at the Offering Price of \$0.30 per Unit. Each Unit consists of one Common Share and one transferable Warrant. Each Warrant is exercisable to acquire one Warrant Share for a period of 2 years from the Closing Date at a price of \$0.40 per Warrant Share, subject to adjustment in accordance with the terms of the Warrant Indenture. See “*Plan of Distribution*” and “*Description of Share Capital*”.

Additional Distribution: This Prospectus also qualifies for distribution those Commission Unit Shares, Commission Unit Warrants and Compensation Options that may be qualified for distribution under the Prospectus pursuant to NI 41-101, as Qualified Compensation Securities. Those securities issuable to the Agent that are not Qualified Compensation Securities are not qualified for distribution by this Prospectus and will be subject to resale restrictions in accordance with applicable securities laws. See “*Plan of Distribution*”.

Offering Price: \$0.30 per Unit.

Agent’s Commission: The Agent will receive a cash commission equal to 10% of the gross proceeds of the Offering payable in cash or Commission Units or any combination thereof at the election of the Agent, and be granted Compensation Options to purchase such number of Compensation Option Shares as is equal to 10% of the number of Units sold by the Agent under the Offering. The Agent will also be paid a Corporate Finance Fee of \$25,000 plus HST, of which \$12,500 plus HST has been advanced by the Company and is non-refundable, with the remaining \$12,500 plus HST to be paid in cash on Closing. The Agent will also be reimbursed by the Company for its legal fees and expenses resulting from the Offering with respect to which \$20,000 has been paid as a deposit to the Agent. See “*Plan of Distribution*”.

Over-Allotment Option: The Company has also granted the Agent the Over-Allotment Option exercisable in whole or in part in the sole discretion of the Agent at any time up to 5:00 p.m. (Vancouver time) on the date that is 30 days following the Closing Date, solely to cover over-allotments, if any, and for market stabilization purposes, to purchase (i) up to an aggregate number of Over-Allotment Units equal to 15% of the number of Units sold under the Offering; (ii) up to an aggregate number of Additional Warrants equal to 15% of the number of Units sold under the Offering; or (iii) any combination of Over-Allotment Units and Additional Warrants so long as the aggregate number of additional Common Shares does not exceed 1,500,000 and the aggregate number of additional Warrants does not exceed 1,500,000 (assuming completion of the Maximum Offering). The purchase price of each Over-Allotment Unit under the Over-Allotment Option will be equal to the Offering Price and the purchase price of each Additional Warrant under the Over-Allotment Option will be \$0.001 per Additional Warrant. See “*Plan of Distribution*”. This Prospectus qualifies for distribution the Over-Allotment Option and the distribution of the Over-Allotment Units and Additional Warrants to be issued by the Company upon exercise of the Over-Allotment Option.

Directors & Officers: Robin Dow Chief Executive Officer, Corporate Secretary and Director
Sabino Di Paola Chief Financial Officer

Paul Pitman	President
Garry Smith	Vice President, Exploration
Larry Hoover	Director
G. Michael Newman	Director
Robert Schellenberg	Director

See "Directors and Executive Officers".

Bottle Creek Claims: The Company's principal asset and project is its interest in the Bottle Creek Property, located in Humboldt County, Nevada. The Bottle Creek Property comprises 938 unpatented mineral claims covering a maximum possible area of 19,377 acres (7,842 hectares or 78.4 km²). The claims are held (subject to certain underlying payments and net smelter return royalties) by Bottle Creek Explorations LLC, which is owned 60% by the Company. The Bottle Creek Property is an exploration stage mineral resource property with the targeted minerals including gold, silver, zinc, lead and copper. See "Description of the Business – Material Mineral Projects".

Use of Proceeds: The net proceeds to the Company are estimated to be approximately \$1,194,755 in the case of the Minimum Offering and \$2,543,000 in the case of the Maximum Offering, when combined with the Company's working capital deficiency of approximately (\$157,000) as at July 31, 2011, which funds are intended to be spent by the Company, in order of priority, as follows:

Use of Funds	Estimated Amount (Minimum Offering)	Estimated Amount (Maximum Offering)
Estimated remaining expenses of the Offering (regulatory filing, legal expenses, etc.)	\$91,500	\$91,500
Proposed exploration expenditures over the next 12 months under the Joint Venture Agreement:		
Completion of 2011 Work Program, Phase I on the Bottle Creek Property (per the recommendations in the Technical Report)	\$413,000 ⁽¹⁾	\$413,000 ⁽¹⁾
Completion of 2011 Work Program, Phase II on the Bottle Creek Property (per the recommendations in the Technical Report)	\$0	\$366,000 ^{(2) (3)}
General and Administrative expenses for the next 12 months	\$320,000	\$320,000
Unallocated Working Capital	\$370,255	\$1,352,500
Total	\$1,194,755	\$2,543,000

- (1) Based on US\$421,720 (representing US\$463,840 being the estimated cost in the Technical Report less US\$42,120 representing regulatory fees no longer required to be paid) converted at the Bank of Canada's noon rate of 0.9784 on August 31, 2011 and rounded to the nearest \$1,000. Refer to "Description of the Business – Bottle Creek Property – Exploration and Development" for a breakdown of this figure.
- (2) Based on US\$373,600 converted at the Bank of Canada's noon rate of 0.9784 on August 31, 2011 and rounded to the nearest \$1,000.
- (3) In the event the Maximum Offering is not obtained, the Company may elect to re-allocate funds for other purposes and may not proceed with the Phase II program unless it raises additional funds.

While the Company intends to spend the funds as stated above, there may be circumstances where a re-allocation of funds may be necessary or advisable. In addition, if less than 10,000,000 Units are sold under the Offering, the Company may be required to re-allocate funds. See "Use of Proceeds".

The Company also has long-term plans to complete Phase II on the Bottle Creek Property, per the recommendations in the Technical Report, currently anticipated to commence in Fall 2012 or early 2013.

Risk Factors:

An investment in the securities offered hereunder should be considered highly speculative due to the nature of the Company's business; being that it has only one principal asset and property. The Company has no history of operations, success, revenue or earnings. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk a loss of their entire investment. Investors should consult with their professional advisors to assess an investment in the Company's securities.

The Company's activities are subject to the risks normally encountered in the mineral resource exploration and development business. The following risk factors should be considered in connection with an investment in the Company: no history of earnings, stress in the global economy, current global financial conditions, financing risks, uncertainty of acquiring required licences and permits, liquidity concerns and additional funding requirements, limited business history, no established market, operating loss, negative operating cash flow, exploration and development, exploration and mining risks, property interests, risks related to the Underlying Option Agreement, uncertainty of estimates, possible volatility of stock price, title of property, risks related to Third Party Claims on the Bottle Creek Property, dependence on management, competition, environmental risks and other regulatory requirements, environmental risks, uninsured or uninsurable risks, infrastructure, factors beyond the company's control, commodity prices, conflicts of interest, joint venture risks, and discretion regarding use of the proceeds of this Offering. See "Risk Factors".

Financial

Information:

The following table sets forth selected audited financial information with respect to the Company for its most recently completed financial period ended April 30, 2011. This summary financial information should be read in conjunction with the financial statements and notes attached to and forming part of this Prospectus and the "Management Discussion and Analysis" as included elsewhere in this Prospectus.

	Fiscal Period ended April 30, 2011 (audited)
Revenue	Nil
Total expenses	\$521,216
Net loss for the period attributable to the parent	\$477,935
Basic and diluted loss per common share	\$0.15
Total assets	\$492,904
Total current liabilities	\$429,389
Shareholder's equity	\$63,515

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on January 13, 2011 under the *Business Corporations Act* (British Columbia).

The head office, registered and records office of the Company is located at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3, and the administrative office of the Company is located at 2746 St. Joseph Blvd. Suite 100, Orleans, Ontario, K1C 1G5.

Intercorporate Relationship

The Company is currently, and will remain after the Closing of the Offering, a subsidiary of Galahad Metals Inc. Galahad will hold between 55.05% (Minimum Offering) and 41.99% (Maximum Offering) of the outstanding shares of the Company after the closing of the Offering, depending on the number of Units sold under the Offering.

The Company has one subsidiary, Bottle Creek Exploration LLC (“BCE”), incorporated under the laws governing limited liability companies in the State of Nevada on August 24, 2010. The principal place of business of BCE is 1 East Liberty Street, Suite 424, Reno, Nevada 89501. The Company holds 60% of the membership interests of Bottle Creek Exploration LLC.

The Company, in complying with its reporting obligations under applicable securities laws, has undertaken (i) to take appropriate measures to require insiders of BCE or a person or company in a special relationship with BCE to comply with reporting requirements and prohibitions against insider trading as if BCE were a reporting issuer; and (ii) to certify, on an annual basis, the above undertaking.

DESCRIPTION OF THE BUSINESS

Overview

The principal business carried on and intended to be carried on by the Company is the acquisition, exploration and development of natural resource properties.

The Company holds a 60% interest in Bottle Creek Exploration LLC, a Nevada limited liability company which holds the Bottle Creek Claims (subject to certain underlying payments and net smelter return royalties) which are certain unpatented mining claims situated in Humboldt County, Nevada. The Bottle Creek Claims consist of 938 staked Federal Mining Claims covering a maximum possible area of 19,377 acres (7,842 hectares or 78.4km²). The Company’s interest in BCE is currently the Company’s principal asset and the Bottle Creek Claims are currently the Company’s principal project.

On April 20, 2011, the Company entered into a letter of intent (the “Rye Patch LOI”) with Gold Range Company LLC (“GRC”) whereby the Company was granted an exclusive right for sixty days to enter into an option lease agreement with respect to the Rye Patch mineral property located in Pershing County, Nevada. The exclusivity period in the Rye Patch LOI was initially extended to August 19, 2011 and was subsequently further extended pending Closing. 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 Humboldt Thrust Fault. Upon execution of the option lease agreement, the Company would have the right to acquire a 100% interest in the mineral exploration and development rights on the Rye Patch property subject to a 5% net smelter return royalty (an “NSR”) by making the following payments: US\$10,000 upon execution of the Rye Patch LOI (paid); US\$10,000 upon execution of the option lease agreement; US\$20,000 at the end of year one; US\$30,000 at the end of year two; US\$50,000 at the end of year three; US\$100,000 at the end of year four; and US\$200,000 at the end of year five and thereafter. The expected term of the Rye Patch option lease agreement is 20 years, renewable in 20 annual increments. GRC would retain a 5% NSR subject to the right of the Company to re-purchase portions of the NSR to 3% for US\$3,000,000 and subsequently to 1.5% for an additional US\$3,000,000. Any amounts paid by the Company to GRC would be deductible from future royalty payments. As of the date of the Prospectus, the Company has not entered into a definitive option lease agreement with GRC in respect of the Rye Patch property.

Assuming that the Company is able to finalize a definitive option lease agreement with GRC in respect of the Rye Patch property, the Company has no near term plans to conduct any exploration work on this property.

On May 10, 2011, the Company entered into a letter of intent (the "Pogonip LOI") with GRC whereby the Company was granted an exclusive right for sixty days to enter into an option lease agreement with respect to the Pogonip Ridge mineral property located in White Pine County, Nevada. The exclusivity period in the Pogonip LOI was initially extended to August 19, 2011 and was subsequently further extended pending Closing. 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 favorable prospective geology. Upon execution of the option lease agreement, the Company would have the right to acquire a 100% interest in the mineral exploration and development rights on the Pogonip property subject to a 4% NSR by making the following payments: US\$5,000 upon execution of the Pogonip LOI (paid); US\$15,000 upon execution of the option lease agreement; US\$20,000 at the end of year one; US\$30,000 at the end of year two; US\$50,000 at the end of year three; US\$100,000 at the end of year four; and US\$200,000 at the end of year five and thereafter. GRC would retain a 5% NSR subject to the right of the Company to re-purchase portions of the NSR for US\$1,000,000 per point or pro-rata portion thereof to a minimum of 1.5% NSR. Any amounts paid by the Company to GRC would be deductible from future royalty payments. As of the date of the Prospectus, the Company has not entered into a definitive option lease agreement with GRC in respect of the Pogonip property. Assuming that the Company is able to finalize a definitive option lease agreement with GRC in respect of the Pogonip property, the Company has no near term plans to conduct any exploration work on this property.

In the current fiscal year and for the foreseeable future, the Company intends to continue to focus its efforts on advancing the exploration and, if merited, the development of the Bottle Creek Property. The primary focus of the Company for the current fiscal year includes continued exploration of the Bottle Creek Property.

The Company currently has no source of earnings other than interest paid to it on its current cash position. In order to fund its ongoing exploration efforts and operations, the Company has historically raised capital through the issuance of equity from its treasury.

The Company intends on expending existing working capital and net proceeds raised from this Offering to pay the balance of the estimated costs of this Offering, to carry out exploration on the Bottle Creek Claims, to pay its administrative costs for the next 12 months and for working capital. The Company may decide to acquire other properties in addition to the mineral properties described below.

Three Year History

The Company was incorporated on January 13, 2011, by its parent company, Galahad Metals Inc., to hold Galahad's interest in BCE, which in turn holds the Bottle Creek Claims. As described below, the Company acquired its interest in BCE on March 25, 2011 from Galahad in exchange for 8,838,938 Common Shares of the Company at a deemed price of \$0.50 per Common Share, later adjusted to a deemed price of \$0.25 per Common Share.

History of Bottle Creek Claims

On June 10, 2001 Timothy Percival and Darryl Killian ("P&K") staked fifty-three lode mining claims (the "P&K Claims") over the central part of the Bottle Creek mercury district located in Humboldt County, Nevada. The P&K Claims comprise part of the present-day Bottle Creek Property. The P&K Claims were recorded on September 9, 2001 and an option agreement with respect to the P&K Claims was entered into by P&K with Golden Gryphon Explorations Inc., ("GGE") on January 15, 2002, which was subsequently amended by the parties (the "Underlying Option Agreement"). GGE is the recorded owner of the P&K Claims, with P&K maintaining a 100% beneficial interest in the P&K Claims. GGE obtained the right to earn a 100% beneficial interest in the P&K Claims (the "Underlying Option") by making a cash payment of US\$12,455 to P&K representing the total costs of recordation of the claims, by making a series of escalating payments to P&K in the aggregate of US\$298,000 for the period up to and including May 15, 2011, by making annual US\$45,000 payments to P&K each subsequent year until January 13, 2015, and by incurring an aggregate of US\$895,000 in exploration expenditures over the term of the agreement. If the Underlying Option is exercised, P&K will retain a 1% NSR. In the event that the Underlying Option is exercised prior to the commencement of commercial production (as such term is defined in the option agreement), and if a party other than GGE holds a 50% or greater interest in the property, that party (currently the Company) shall pay to P&K the sum of US\$1,000,000 on or before the end of the first calendar month following the month in

which the commencement of commercial production occurs. If such payment is made, the earlier cash payments made will be credited towards the first payments otherwise payable in connection with the 1% NSR. GGE may terminate the Underlying Option agreement at any time in its entirety or with respect to one or more claims by giving 60 days notice to P&K. P&K can terminate the agreement if GGE fails to make any payment or performance under the agreement and fails to remedy such failure within 30 days notice. In addition, if P&K locate or otherwise acquire during the term of the Underlying Option Agreement any mineral interest in any mineral tenure any part of which lies within an “area of interest” which lies within a one-mile radius from the boundary of the P&K Claims, P&K shall give GGE notice of such acquisition, and GGE shall then elect whether it requires such mineral interest to be included with the P&K Claims for the purposes of the Underlying Option Agreement, and if it does it shall reimburse P&K for all reasonable costs of acquisition.

On September 19, 2005, a predecessor corporation to Galahad Metals Inc., PMM, entered into a property option agreement with GGE (the “GGE Option Agreement”) whereby PMM obtained an option to earn a 60% interest of GGE’s interest in certain Bottle Creek claims, including the P&K Claims (collectively, the “GGE Option Claims”), by spending an aggregate of US\$2 million on exploration of the GGE Option Claims over three years and paying a US\$450,000 option payment to GGE before the third anniversary of the GGE Option Agreement.

On October 29, 2007, Galahad announced that it had completed the earn-in requirements with respect to the GGE Option Agreement by reaching the cumulative US\$2 million exploration spending requirement and by providing the final option payment of US\$200,000 during October 2007. At that time, a joint venture agreement between Galahad and GGE (the “Joint Venture Agreement”) in respect of the GGE Option Claims came into effect automatically pursuant to the terms of the GGE Option Agreement. See “Description of the Business – Bottle Creek Joint Venture Agreements”.

On August 16, 2010 Galahad announced a letter agreement with GGE, whereby the parties agreed that Galahad would convey to GGE certain regional claims held 50% by Galahad and where Galahad would make certain cash payments to GGE in order to obtain a 60% interest in a contiguous 938 claim block, including the 53 P&K Claims, centred on the Bottle Creek mercury District (the “Bottle Creek Claims”).

On August 24, 2010 BCE was incorporated in the State of Nevada, under the laws governing limited liability companies in the State of Nevada. Galahad held a 60% interest in the joint venture subsidiary, with Golden Gryphon USA, Inc. (“GG”), a subsidiary of GGE, holding the remaining 40% interest. On August 25, 2010 GG and Galahad entered into an operating agreement with respect to BCE (the “BCE Operating Agreement”), and on September 30, 2010 the Bottle Creek Claims were transferred from GG to BCE. See “Description of the Business – Bottle Creek Joint Venture Agreements”.

The Company acquired a 60% interest in BCE (and indirectly an interest in the Bottle Creek Claims) and assumed the Joint Venture Agreement on March 25, 2011 from Galahad, in exchange for 8,838,938 Common Shares of the Company at a deemed price of \$0.50 per Common Share, subsequently amended to \$0.25 per Common Share, making the aggregate consideration \$2,209,734.50.

Since first acquiring an interest in the Bottle Creek Claims in March, 2011, the majority of the Company’s acquisition and exploration expenditures have been incurred on the Bottle Creek Claims. As of April 30, 2011 the Company has incurred cumulative exploration and evaluation expenditures of \$216,285 on the Bottle Creek Project.

Bottle Creek Property

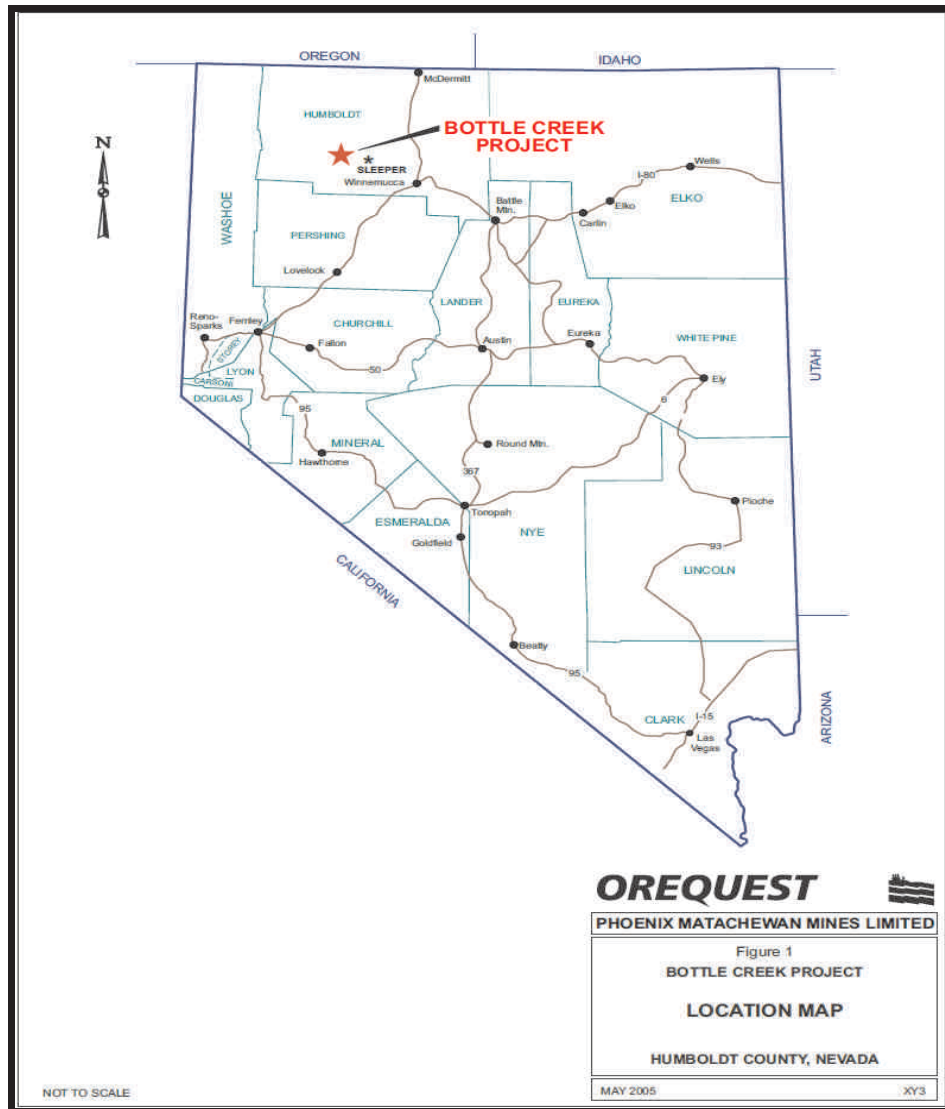
The following information on the Bottle Creek Property represents information summarized from the Technical Report, prepared pursuant to the provisions of NI 43-101, by Peter A. Christopher and George Cavey, (each a “Qualified Person”), as defined in NI 43-101. The full text of the Technical Report is available for review during normal business hours at the head office of the Company at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3, and is also available for review on the System for Electronic Document Analysis and Retrieval (SEDAR) located at the following website www.sedar.com. Prospective purchasers of Units are encouraged to review the Technical Report in its entirety.

Project Description and Location

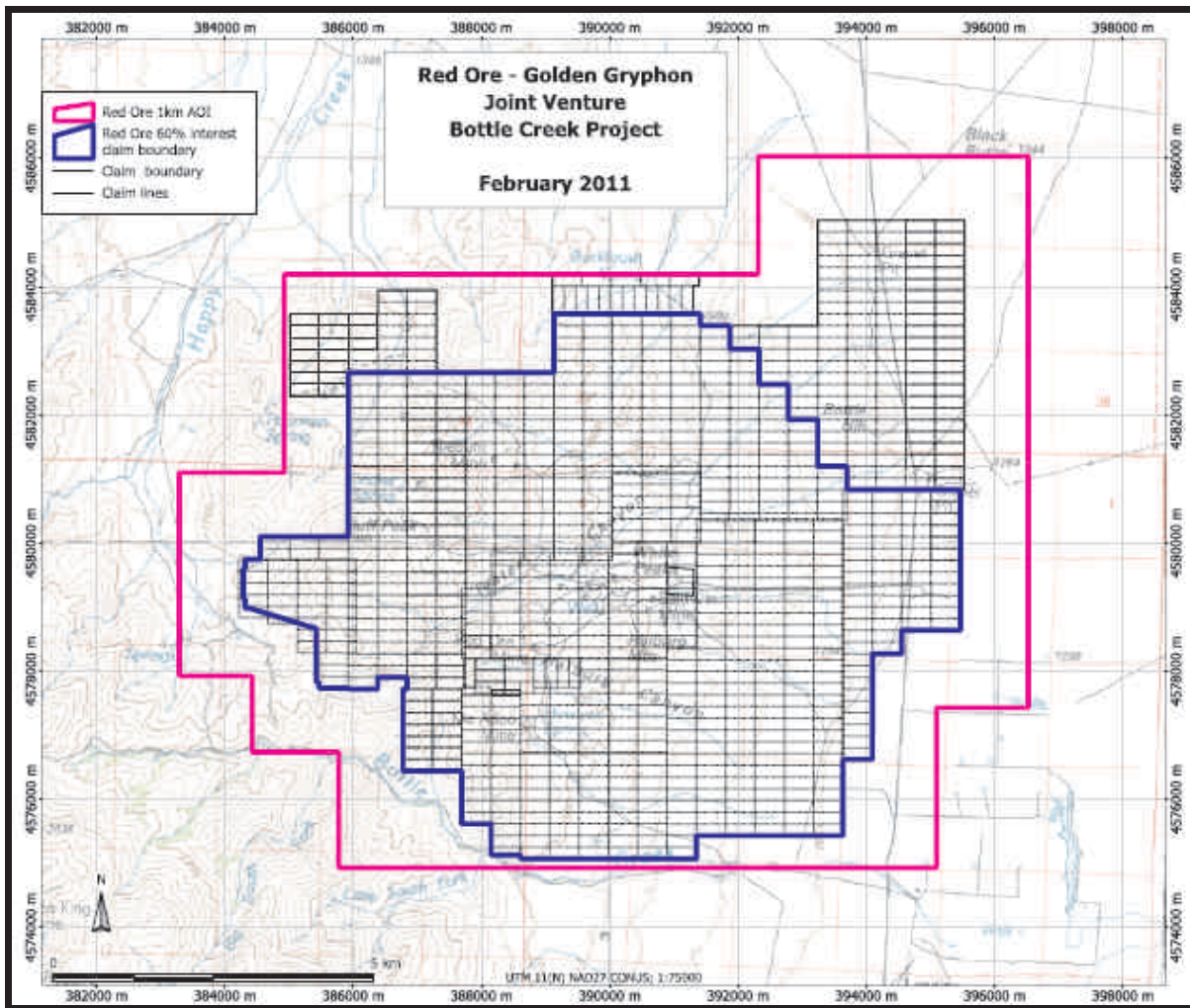
Area and Location

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 Bottle Creek Project (Figure 1) is located approximately 65 miles (106 km) by road northwest of the Humboldt county seat at Winnemucca, Nevada and lies across Desert Valley from the Sleeper Gold Mine 13 miles (21 km) to the east. The Project is located along the north-eastern flank of the Jackson Mountains in Sections 7, 8, 17, 18, 19 and 20 of T40N, R32E and Sections 1, 11, 12, 13, and 24 of T40 N, R33E of Humboldt County, Nevada. The Bottle Creek District is located on the USGS 1:24,000 Bottle Creek Ranch, 7.5' Quadrangle and on the USGS 1:250,000 Vya two-degree sheet.



Location of Bottle Creek Project in Battle Mountain Trend



Location of Bottle Creek Property Claims with Bottle Creek Project Area Bounded in Pink (claim location plan provided by Galahad)

Nature and Extent of Company's Title

Acquisition of the Bottle Creek Project was started in 2001 by GGE and the project was joint ventured with PMM in 2005. Prior to earn-in PMM and its successor Galahad were responsible for maintaining the claim group in good standing including meeting the terms and conditions of the underlying agreement between GGE and the vendors of the 53 claim block and some prior land cost incurred by GGE were reimbursed to GGE. The initial 53 claims were staked with chain and compass.

The original 53 staked claims were acquired by GGE from Timothy J. Percival and Darryl F. Killian (P&K). On September 9, 2001, 51 of the claims were recorded and filed under the name of Golden Gryphon USA; one under the name of Timothy J. Percival and one under the name Darryl F. Killian. GGE has an option agreement with P&K dated January 15, 2002 which allows GGE the right to earn a 100% interest in the P&K claims by making a series of escalating payments over a ten-year period. In the event that commencement of commercial production, as defined in the agreement, occurs prior to the end of such ten-year period, GGE will owe to P&K an additional \$1,000,000 payment, upon which payment the option shall be deemed to have been exercised. In the event that the commencement of commercial production has not occurred by the end of such ten-year period, and a party other than GGE holds a 50% or greater interest in the claims, such party will owe to P&K the additional \$1,000,000 payment after the commencement of commercial production occurs. In either case, the cash payments made, apart from the \$1,000,000 final cash payment, will be credited toward the first payments otherwise payable in connection with a 1% NSR royalty that P&K will retain. In early 2008 the agreement was amended to extend the option terms of the agreement by 2 years, and in the fall of 2010 P&K agreed to a further 2 year extension.

On September 22, 2005 PMM (now Galahad) announced an option agreement with GGE which allowed PMM to earn a 60% interest in the Bottle Creek Property (subject to underlying payments and a 1% NSR) by spending US\$2,000,000 in exploration prior to April 30, 2008, making payments to GGE and funding a regional geophysical survey. On October 29, 2007, PMM announced earning the 60% interest in the Bottle Creek Property (subject to underlying payments and a 1% NSR) by expending in excess of \$4,000,000 on exploration, land holding costs and making payments to GGE. After signing the GGE Option Agreement with Galahad, the joint venture claim position around the Bottle Creek Property has been expanded to 938 claims. Annual claim fees of US\$140/claim to the Federal Bureau of Land Management (the "BLM") and US\$10/claim to Humboldt County are owed on the claims. The Company has been advised that a one time Nevada State fee of US\$85/claim is no longer owed to the State of Nevada.

One small fee land parcel, 40 acres at north ½ of Sec 8, T40N, R33E, has surface and mineral rights near the centre of the Bottle Creek Property area, owned by the Bottle Creek Ranch Company. Attempts to secure a mineral option agreement from the Bottle Creek Ranch have not been successful.

On September 30, 2010 the Bottle Creek Property was transferred into BCE, a Nevada limited liability corporation owned 60% by Galahad and 40% by Golden Gryphon USA Inc. (a GGE subsidiary).

On February 24, 2011 Galahad announced its intention to spin out its 60% interest in BCE into the Company. On March 25, 2011 the transfer was completed, and as consideration for the transfer Galahad received 8,838,938 Common Shares of the Company, at a deemed price of \$0.50 per Common Share, later amended to a deemed price of \$0.25 per Common Share, representing the amount spent to date by Galahad in exploration, and property staking and payment costs on the Bottle Creek Project.

Royalties, Agreements and Encumbrances

The terms of any royalties, payments or other agreements and encumbrances to which the Bottle Creek Property is subject are summarized above under "Nature and Extent of Company's Title".

Environmental Liabilities

Old mine waste dumps, shafts and other mining openings exist on the Bottle Creek Property and may present a potential environmental liability. The shafts and openings have been recorded, signed and closed under BLM and State sponsored activity.

Mineralized Zones

The Bottle Creek Property contains permissive bimodal volcanic rocks and permissive ground preparation with high angle normal faults and their associated extension fractures. The property is located at the intersection of east-west and north-south structural lineaments.

Magnetic and gravity anomalies have targeted areas of intersecting structures. Intersecting structures that occur in the area of previous mercury mines are considered priority targets. An acid-sulphate alteration zone, approximately five kilometres long by three kilometres wide with a core zone of approximately one by two kilometres, exists in the area of past mercury mining. Surface gold soil and rock values are generally weakly anomalous, in the 5 to 220 parts per billion ("ppb") gold range, but the presence of the pathfinder element assemblage of arsenic, antimony, mercury, thallium and to a certain degree selenium, support an interpretation that the surface is a high level zone of an epithermal mineralizing system. Petrography, clay alteration mineralogy and fluid inclusion studies suggest that the boiling zone could lie within 350m of the current surface and was not tested by historic, vertical reverse circulation ("RC") holes. The five diamond drill hole by GGE/Galahad all intersected anomalous gold values with hole BC06-4 containing narrow intersections of significant gold and silver with intersections considered to be from above the boiling zone and the data package suggest the structures warranting deeper testing. BC06-1 should be extended to test the full width of the targeted fault zone at deeper levels.

Permits

The authors of the Technical Report were not aware of any unusual permit requirements for the claims during the early exploration phases other than standard permitting for any issues related to drilling and other such surface

disturbances. These permits are generally easily obtained with approximately a two-month lead-time. Galahad and GGE completed archaeological studies and permitting of several drill sites but the Water Canyon site which is scheduled for further grid geophysical and geochemical surveying will require an archaeological survey to support a drill site application to the BLM.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access and Proximity to Population Centres

Access to the Bottle Creek Property area is obtained from the county seat at Winnemucca by taking US Highway 95 north for 31 miles (50km) to the junction with Highway 140. Turn west onto State Highway 140 for approximately 26 miles (42 km) then turn south along Bottle Creek Ranch Road on the west side of Desert Valley for approximately 6 miles (10 km) then west onto an unimproved gravel and dirt road that accesses the Bottle Creek District. The first four miles of the Bottle Creek Ranch Road is paved.

Winnemucca has a population of over 7,000 people with the local community mainly relying on ranching and mining.

Climate and Length of Operating Season

The climate is defined by very hot summers and cold, windy winters. Fairly deep snow can develop over the area during wet winters. When snowmelt occurs, or after continuous rain, the roads are very muddy and can be difficult to drive. Spring and autumn months are moderate in temperature. Exploration and development can take place 12 months of the year.

Availability of Resources

Portions of three claims along the northeast edge of the block have a restricted mineral entry and three claims in the southwest of the block have a public water withdrawal restriction that must be addressed more fully. The Bottle Creek Ranch has water and mineral rights to a 40 acre parcel near the centre of property. Normally, the Federal Government owns the mineral rights and all public lands are open to mineral entry. The Bottle Creek Ranch has not restricted access and access has not been a problem during past exploration programs.

There is a significant power transformer station and high-tension power lines along Bottle Creek Ranch Road that stepped the power down for the mining operation at Sleeper on the east side of the valley. The nearest rail line is the Union Pacific that runs through Winnemucca and the major airline services are located in Reno, approximately 150 miles (240km) to the southwest. The Bottle Creek Ranch buildings straddle the Bottle Creek Ranch Road at the easterly edge of the property. A natural gas pipeline is under construction between Highway 140 and the northern property boundary.

There is highly trained mining-industrial workforce available in Carlin, Elko or Winnemucca, where all the needed equipment, supplies and services are available for mining companies to conduct exploration and mining development. The people in the area are generally friendly and mining oriented.

Exploration and mining could be conducted year-round, due to the established road and its proximity to Winnemucca. The property has the surface areas suitable for future exploration or mining operations including potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites.

Topography, Elevation and Vegetation

The project is situated in the Basin and Range province of Nevada, characterized by north-northeast trending mountain ranges bounded by range front faults and separated by alluvial filled valleys. The claims vary in elevation from a high of about 7424 feet (2263m) at Buff Peak in the Jackson Mountains to the west, to a low of approximately 4200 feet (1280m) in Desert Valley. Several rhyolite domes (e.g. Halburg Mtn., Bottle Hill) rise in elevation from about 5000 feet to a maximum of approximately 6000 feet. The elevation slopes downhill from domes. From east to west within the claims, elevation range from approximately 5000 feet to over 7000 feet. Elevation rises steeply in the Jackson Mountains where Jackson Mountain is approximately 9094 feet (2772m) and

King Lear Peak 8924 feet (2720m). To the east of the property, topography gradually drops to the pediment filled valley floor that averages about 4000 ft in elevation. There are a few bedrock exposures on the property and only a thin soil development.

The vegetation varies depending on elevation and moisture. Sagebrush and sparse grasses thrive on the valley floors while mountain mahogany, juniper and pinion trees grow on the lower slopes of the ranges.

History

The Bottle Creek district, Humboldt County, Nevada produced an estimated 4,640 flasks of mercury during two phases of mining; 1938 to 1947, and from the mid to late 1950s. The six principal mines were Baldwin, Birthday, Blue Can, McAdoo, Red Ore, and White Peaks with a small mercury prospect called the Niebuhr at the northern end of the district (Roberts, 1940). In addition to the named mines, there are numerous documented occurrences of mercury on the claim block.

The district was explored for precious metals during the period from 1982 to 1992. Four companies, Placer Dome, Shell Minerals, Lac Minerals and Nassau Ltd. conducted the exploration and their activities are described below. The work included geologic mapping, sampling, geophysics and drilling. The past work has not located a target of sufficient grade and size but the potential remains positive based on refinement of the deposit model and application of modern exploration techniques.

Historic Drilling

Historic drilling occurred between 1983 and 1992 when three companies drilled 56 relatively shallow rotary drill holes on or adjacent to the current claim block. Shell Minerals drilled 12 holes in 1983, ten tested the Red Ore and McAdoo mine areas and two tested the Baldwin mine area. Placer Dome drilled 33 holes from the end of 1985 to 1987 of which seven were on the southern Bottle Creek claim block and 26 were on the main Bottle Creek claim block with GGE having data on only 15 of those 33 holes. Lac Minerals completed 11 holes in 1992 toward the western portion of the claim block but GGE does not have the geologic logs on these holes.

All of the drill holes were rotary, with most being vertical, and relatively shallow (less than 500 feet). Lac drilled seven angle holes directed westerly in attempts to intersect the north-trending faults on the western edge of the district (main northern Shell Drill area).

The northern Shell Drill area is the location of four of Shell drill holes, three of Placer and all 11 Lac holes. The area is uplifted basement rocks and Miocene volcanic rocks. This drilling tested an area of coincident gold, silver, arsenic and antimony anomalies associated with veins that are steeply dipping to vertical. The gold and silver values were relatively low while the arsenic, antimony and mercury elevated values indicated the presence of a reasonably strong epithermal system. The vertical drill holes combined with artificial blending of vein and wall rock material by routine sampling on five feet interval lengths result in three of Shell's holes returning interesting values:

Past Drill Results, Shell Minerals

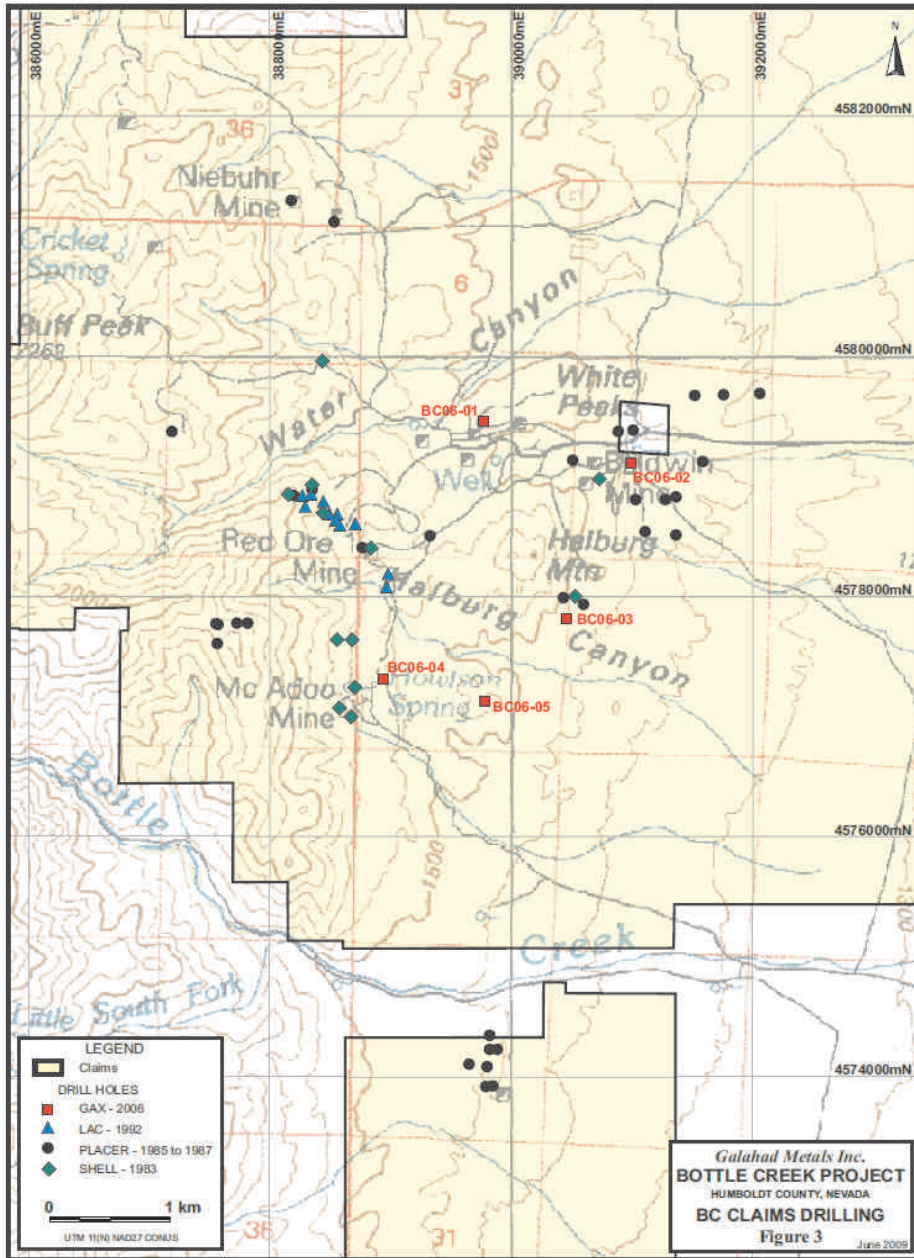
Drill Hole	Interval (ft)	Au (ppb)	Lithology	Associated Elements
12-40-32-2	300 - 340	225 - 550	basalt	Ag, As, Sb
12-40-32-1	150 - 200	100 - 330	siltstone	Ag, As, Sb
12-40-32-3	0 - 50	80 - 876	quartz veins, siltstone	Ag, As, Sb
12-40-32-3	90 - 100	600 - 900	siltstone	Ag, As, Sb

Shell drilled five holes in the Howison Spring Area near the McAdoo mine with a high gold value of 375 ppb. Shell drilled two shallow holes in the area of coincident antimony, thallium, selenium anomalies in acid-leached rhyolites in the Baldwin mine area. Strong alteration with only weak gold highs at 20 and 50 ppb were encountered in the results. Strong arsenic (1200ppm), antimony (>1000ppm) and mercury (210ppm) were also reported as high values in Shell hole 11. Shell also drilled one hole in Water Canyon, along trend and north of the Shell Area. This tested an area of gold, silver, arsenic, antimony, thallium, and selenium anomalies. The high gold value was 35 ppb with 0.95 ppm silver and moderate arsenic and antimony.

The Placer drill holes included three principal areas outside of the Shell Area. The first area included 14 holes in the Baldwin mine area to test IP anomalies in a pediment area with gold values below a detection limit of 34ppb. Placer only analyzed for gold and silver but some of the drill logs indicate siliceous and argillic alteration of basalts in the pediment area. The second area was in the northern portion of the claim block in the Niebuhr mine area but there is no data available for these holes.

Placer's third area included seven holes in the southern Bottle Creek regional block near an unnamed old working in the Prospect Ridge area. Additionally, five holes were located on Howison Ridge near a hill called 6485T and intersected Miocene (?) rhyolite dikes in basement rocks. Placer drill hole BC-26 (no drill data available) is the only historic hole in central part of the modelled hydrothermal system.

Drill Hole Locations for Bottle Creek Project, prepared by Galahad Metals Inc.



Summary of Historic Drill Hole Data

#	Drill Hole	Company	Year	NAD 27 E	NAD 27 N	Elevation	Depth	Incl.	Highest Values (Au in ppb, others ppm)
1	12-40-32-1	Shell	1983	388,150	4,578,870	5,820	500	-90	Au 550; Ag 9.1; As3000; Sb 600
2	12-40-32-2	Shell	1983	388,340	4,578,950	5,640	500	-90	Au 550; Ag 6.4; As 5800; Sb 820
3	12-40-32-3	Shell	1983	388,450	4,578,710	5,520	500	-90	Au 900; Ag, 12; As, 9000; Sb 260
4	13-40-32-1	Shell	1983	388,580	4,577,080	5,580	535	-90	Au 250; Ag 1; As 3600; Sb 190
5	13-40-32-2	Shell	1983	388,670	4,577,020	5,360	500	-90	Au 155; Ag 1.2 ;As 2000; Sb 100
6	13-40-32-3	Shell	1983	388,690	4,577,250	5,350	310	-90	Au 95; Ag 0.3; As 800; Sb 55
7	13-40-32-4	Shell	1983	388,540	4,577,640	5,360	500	-90	Au 375; Ag 0.7; As 6000; Sb 120
8	13-40-32-5	Shell	1983	388,670	4,577,640	5,320	500	-90	Au 75; Ag 0.8; As 2400; Sb 80
9	12-40-32-4	Shell	1983	388,420	4,579,980	5,400	485	-90	Au 35; Ag 0.95; As 755; Sb 45
10	07-40-33-1	Shell	1983	388,810	4,578,400	4,900	500	-90	Au 25; Ag 1.4; As 2800; Sb 500
11	08-40-33-1	Shell	1983	390,680	4,579,000	4,880	500	-90	Au 20; Ag 0.2; As 1200; Sb >1000; Hg 210
12	17-40-33-1	Shell	1983	390,490	4,578,000	5,240	500	-90	Au 50; Ag 0.4; As 550; Sb 31
1	BB-1	Placer	1985	390,871	4,579,395	4,780	200	-90	Au <34; Ag, <0.85; Hg 5.6
2	BB-2	Placer	1985	391,000	4,579,402	4,740	100	-90	Au <34; Ag, <0.85; Hg 0.2
3	BC-01	Placer	1986	389,780	4,573,910	4,720	300	-90	Au <34; Ag <0.85
4	BC-02	Placer	1986	389,840	4,573,910	4,720	300	-90	Au <34; Ag 3.4
5	BC-03	Placer	1986	389,790	4,574,060	4,730	300	-90	Au <34; Ag <0.85
6	BC-04	Placer	1986	389,820	4,574,210	4,725	300	-90	Au <34; Ag 8.6
7	BC-05	Placer	1986	389,880	4,574,210	4,720	300	-90	Au <34; Ag 5.1
8	BC-06	Placer	1986	389,820	4,574,330	4,730	300	-90	Au <34; Ag 23
9	BC-07	Placer	1986	392,040	4,579,710	4,490	245	-90	Au <34; Ag 3.4
10	BC-08	Placer	1986	391,345	4,578,846	4,560	250	-90	Au <34; Ag 3.4
11	BC-09	Placer	1986	391,349	4,578,525	4,580	300	-90	Au <34; Ag 6.8
12	BC-10	Placer	1986	391,571	4,579,145	4,570	250	-90	Au <34; Ag 3.4
13	BC-11	Placer	1986	390,508	4,579,157	4,900	300	-90	Au 342; Ag <0.85
14	BC-12	Placer	1986	390,422	4,578,006	4,920	300	-90	Au <34; Ag <0.85
15	BC-13	Placer	1986	388,360	4,578,910	5,580	400	-90	Au 308; Ag 3.4
16	BC-14	Placer	1986	388,210	4,578,860	5,760	400	-90	Au 308; Ag <0.85
17	BC-15	Placer	1986	388,770	4,578,420	5,280	300	-90	Au <34; Ag <0.85
18	BC-16	Placer	1987(?)	391,740	4,579,700	no data	no data	no data	no drill logs available
19	BC-17	Placer	1987(?)	391,500	4,579,700	no data	no data	no data	no drill logs available
20	BC-18	Placer	1987(?)	391,264	4,578,820	no data	no data	no data	no drill logs available
21	BC-19	Placer	1987(?)	391,100	4,578,564	no data	no data	no data	no drill logs available
22	BC-20	Placer	1987(?)	390,585	4,577,950	no data	no data	no data	no drill logs available
23	BC-21	Placer	1987(?)	391,025	4,578,825	no data	no data	no data	no drill logs available
24	BC-22	Placer	1987(?)	387,200	4,579,400	no data	no data	no data	no drill logs available
25	BC-23	Placer	1987(?)	388,182	4,581,330	no data	no data	no data	no drill logs available
26	BC-24	Placer	1987(?)	389,650	4,574,100	no data	no data	no data	no drill logs available
27	BC-25	Placer	1987(?)	388,545	4,581,157	no data	no data	no data	no drill logs available
28	BC-26	Placer	1987(?)	389,650	4,574,100	no data	no data	no data	no drill logs available
29	BC-27	Placer	1987(?)	387,561	4,577,785	no data	no data	no data	no drill logs available
30	BC-28	Placer	1987(?)	387,587	4,577,776	no data	no data	no data	no drill logs available
31	BC-29	Placer	1987(?)	387,823	4,577,786	no data	no data	no data	no drill logs available
32	BC-30	Placer	1987(?)	387,746	4,577,787	no data	no data	no data	no drill logs available
33	BC-31	Placer	1987(?)	387,568	4,577,617	no data	no data	no data	no drill logs available

#	Drill Hole	Company	Year	NAD 27 E	NAD 27 N	Elevation	Depth	Incl.	Highest Values (Au in ppb, others ppm)
1	L-1 DH	Lac	1992	388,570	4,578,590	5,380	305	-90	Au 682; Ag 3.7
2	L-2 DH	Lac	1992	388,530	4,578,630	5,426	405	-60, 242 ⁰	Au 795; Ag <0.1
3	L-3 DH	Lac	1992	388,490	4,578,690	5,481	405	-60, 230 ⁰	Au 563; Ag 4.1
4	L-4 DH	Lac	1992	388,550	4,578,690	5,449	405	-60, 230 ⁰	Au 175; Ag <0.1
5	L-5 DH	Lac	1992	388,450	4,578,790	5,547	405	-60, 230 ⁰	Au 390; Ag <0.1
6	L-6 DH	Lac	1992	388,270	4,578,840	5,699	405	-90	Au 178; Ag 8.9
7	L-7 DH	Lac	1992	388,290	4,578,750	5,652	405	-60, 225 ⁰	Au 359; Ag 18.9
8	L-8 DH	Lac	1992	388,340	4,578,850	5,641	605	-90	Au 953; Ag 1.6
9	L-9 DH	Lac	1992	388,710	4,578,600	5,327	485	-90	Au 32; Ag 1.8
10	L-10 DH	Lac	1992	388,970	4,578,190	5,201	405	-60, 270 ⁰	Au 123; Ag 2.7
11	L-11 DH	Lac	1992	388,950	4,578,080	5,171	445	-50, 270 ⁰	Au 44; Ag 1.1

Geological Setting

The Bottle Creek Property is in the western portion of the Northern Nevada Rift or Basin and Range province. The property is underlain by Tertiary basalts and rhyolites that overlie and crosscut a basement of folded and metamorphosed Triassic sedimentary and volcanic rocks. The geology of the Northern Nevada Rifts metallogenic province is associated with bimodal basalt-andesite-rhyolite volcanic rocks. Redfern (2004) suggests that regional gravity studies have been used to define several associated sub-parallel, large-scale extensional "rift" structures. Low-sulphide epithermal gold deposits (e.g. Sleeper, Ken Snyder, etc.), ranging in age from about 17 to 14.8 million years, are controlled by high-angle faults that cut the Miocene volcanic and adjacent basement rocks. Mercury-rich silica sinter deposits occur above some gold-silver deposits. Redfern considers selenium to be the best pathfinder element with commonly elevated levels of mercury, antimony, tellurium, thallium and arsenic.

The Triassic rocks are primarily an earlier volcanogenic set of sedimentary rocks (shales, argillites and greywackes) with some interbedded intermediate and mafic volcanic flows. The Jurassic Happy Creek igneous complex located just to the west of the property includes andesite and hypabyssal intrusions that intruded the Triassic Boulder Creek beds described above and these host the described Triassic vein sets.

The Bottle Creek Property lies in the western portion of the Miocene aged Northern Nevada Rift province. The following is a description of the regional geology of the Northern Nevada Rift geology and is reproduced from Redfern (2004):

"The Northern Nevada Rifts metallogenic province is associated with mid-Miocene bimodal basalt-andesite-rhyolite volcanic rocks. Regional studies of gravity and magnetism have defined several associated sub-parallel, large-scale extensional "rift" fault systems. Numerous low-sulphide epithermal gold deposits occur here in rocks and structures, including the world-class Ken Snyder and Sleeper mines. The deposits range in age from about 17 to 14.8 million years, and are controlled by high-angle faults that cut the volcanics and subjacent basement rocks. Mercury-rich silica sinter deposits lie above several deposits. The depth to ore mineralization with mining continuity is interpreted to be the real "top" of the fluid boiling zone, about 350-400 metres below the paleosurface in the Midas trough at the Ken Snyder mine. The ore zone may extend for more than 500 metres at depth. High gold grades characterize many of these "Midas type" deposits, with the ore occurring in quartz-adularia and silica-rich vein assemblages. Silver also exists at elevated levels in certain deposits. Alteration assemblages are local in nature, in wallrocks adjacent to ore veins. Selenium is the best pathfinder element for these deposits, which may also contain elevated levels of mercury, antimony, tellurium, thallium, and arsenic."

The Tertiary basalts and rhyolites are interpreted to be a bimodal assemblage as described by John, 2001. This is due to the similarity of lithology, mineralogy and geochemistry recognized as Miocene elsewhere in northern Nevada. Golden Gryphon has identified two separate trends of rhyolitic domes and intrusions. The older trend is located on the western edge of the property. The younger trend of rhyolites occurs along the eastern edge of the property and includes Halburg Mtn., White Peaks, and domes further north and southeast. Approximately 20

separate rhyolite domes have been identified on and adjacent to the property with a topographic expression of the western trend of rhyolites being subdued in comparison with the eastern trend where the rhyolite domes include autobreccias skirting some of the domes.

Younger basalt flows cap much of the local topography, particularly in the northern part of the area. The older basalts underlie much of that northern area and are altered where cut by rhyolite dikes indicating that basaltic magmatism was coeval (and bimodal) with rhyolitic magmatism and that some basaltic magmatism continued after the height of the geothermal activity. The basaltic and diabase dikes occur along north trending, steeply dipping fault structures that were active during and after the geothermal activity. Most of the mercury mines occurred along mafic dikes. At least three separate trends of rhyolite domes and intrusions have been mapped by GGE geologists with an older trend including Buff Peak at the western edge of the property and two easterly, younger trends associated with the Company (Bluebird, Buckbrush, and Stripped domes) and Baldwin (Halburg, Southeast, White Peaks and Northeast domes) Fault zones.

Major fault structures on the property are oriented north, northeast, and east. Cross cutting relationships are evident from alteration, mineralogy and geophysical signatures from ground magnetics. The intersections of the east trending structures with the north structures appear important in acting as major fluid conduits for the hydrothermal system. The northeast trending structures may represent a crosscutting and offsetting event.

Exploration

This section summarizes the nature and extent of all exploration work conducted by, or on behalf of, the Company on the Bottle Creek Property. A more comprehensive description of such exploration work is presented in the Technical Report.

Exploration for Galahad was conducted by GGE in 2005 through 2007 and included rock and sagebrush geochemical sampling, localized soil grid survey, a mercury vapour survey, aeromagnetic survey, airborne hyperspectral survey, ground gravity, IP, natural source audio-magneto-telluric mapping (“NASAMT”) and geological mapping.

A helicopter borne aeromagnetic survey was conducted by Pearson, DeRidder, and Johnson, now EDCO-PRJ, Inc. in the spring of 2005 (reported and summarized by Abbott and Bagby, 2010). The survey covered an area of 825 km² with approximately 5200 line kilometres flown. Lines were mainly at 200m spacing with ground clearance at 50m. The main Bottle Creek mercury district was flown at 100m line spacing. A Geometrics G823A sensor was employed. Data interpretation was conducted by consulting geophysicists Mr. Richard Fox and Mr. Robert Ellis (reported and summarized by Abbott and Bagby, 2010). They found the magnetic fabric to be dominated by N-S, EW and NW lineaments and selected exploration targets mainly at intersection of lineaments.

Gravity surveying was managed by Mr. Chris Mager. The initial reconnaissance was completed in 2005 with more surveying in the spring and summer of 2006. Survey lines were 250m apart with stations at 200m intervals. Gravity in the Bottle Creek mercury district suggests a sub-circular feature segmented by extensional faults which acted as conduits for basaltic magma and mineralizing solutions.

Electrical surveys were run by Zonge Engineering of Tucson, Arizona. The initial dipole-dipole IP lines were run in 2004 with three additional phase of IP and NSAMT in 2005, 2006 and 2007. The IP survey mainly used 150m dipole spacing with 300m dipole spacing tried on two lines. All NSAMT lines were run using 50m electrode spacing. IP in the Bottle Creek district consisted of 17 EW lines and one N-S line totalling about 61.5 line kilometres. The interpretation and significance of IP chargeability results in a low-sulfidation epithermal at Bottle Creek will be better understood and have more utility once recommended Phase 1 drilling is completed and IP sections evaluated.

A grid of NSAMT lines was completed across the main Bottle Creek district. There are four E-W lines and two N-S lines for a total of approximately 34 kms with resistivity features suggested to be possible silicified zones. Silicification is reported to be associated with gold mineralization at the nearby Sleeper Deposit. Resistive zones along structures have been targeted for Phase 1 drill testing.

Exploration by GGE in 2005 through 2007 included further rock and sage brush geochemical sampling with the sage biogeochemical survey including some 1900 samples. A reconnaissance vapour survey consisting of 667 samples and a localized soil survey were completed.

The various geochemical approaches suggest that anomalous and weakly anomalous patterns are similar for rock, soils and sage with anomalous gold, silver, mercury, antimony, arsenic and selenium and weakly anomalous molybdenum, copper, lead and zinc. The rock values for gold are presented as an example of structurally controlled anomalous gold in the Bottle Creek mercury district. The problem with the use of rock geochemistry is the space outcrop that occurs away from the bounding range front fault as pediment gravel thickness increases toward the centre of the Desert Valley basin. The anomalous rock, soil and sage values are generally associated with interpreted fault structures with some spreading of anomalous in disturbed areas around old mines and processing facilities.

Mineralization

Although all GGE-Galahad holes contained anomalous gold and silver values only hole BC06-4 contained significant gold and silver intervals. Mineralization in BC06-4 is associated with diabase dikes in the Red Ore Fault Zone and consists of arsenopyrite, chalcedonic quartz veinlets and carbonate veinlets. Elevated values of Hg, Sb, Tl and W occur with elevated gold and silver values. Minor carbonated + quartz + honey colored sphalerite and minor chalcopyrite have been report. Pyrite occurs in the matrix of some sulfidic hydrothermal breccia zones with the best examples in hole BC06-2. The upper part of hole BC06-2 contained strongly anomalous Mo which also occurs in breccias at the Sleeper deposit.

The Bottle Creek Project geochemical data based upon Golden Gryphon data is shown below. Gold varied from less than detection limit to 220 ppb with silver from 0.01 to 3.0 ppm in 107 samples. Mercury varied from 0.01 to 150 ppm, arsenic varied from 0.4 to >10,000 ppm and antimony varied from 0.5 to >1,000 ppm. Silicification and argillization are generally associated with precious metal mineralization but some silicified drill chips from historic drilling contained no significant mineralization.

Past production from the Blue Bird and White Peaks mercury mines on the Bottle Creek Property does not appear to have been more than a few thousand tonnes based on the size the waste dumps. The size of a number of pits and trenches in the vicinity of the old mines suggests that most of the material was extracted from underground. Past reports (Roberts 1940) indicate that the mercury ore was retorted on site. Cinnabar has been reported as the main mercury mineral from the mine although some native mercury occurs (USGC Open File 99-253). The mercury mineralization is located in pyrite-chalcedony-calcite+/-iron oxides veinlets superimposed over and along quartz-carbonate veinlets. Veinlets cut clay gouge along pre-ore faults and fracturing in a diabase host rock. Stibnite occurs with some of the mercury mineralization but may represent a separate mineralizing event.

Geochemical Signatures (data from Golden Gryphon database)

Element (ppm)	Bottle Creek
Au	0.00 - 0.22 (0.01)
Ag	0.01 - 3.0 (0.3)
As	0.4 - >10,000 (668)
Ba	37 - 5,710 (751)
Sb	0.05 - >1,000 (100)
Hg	0.01 - 150 (23.4)
Se	0.5 - 26 (1.6)
Te	0.02 - 1.6 (0.10)
Tl	0.01 - 21 (2.0)
Mo	0.02 - 45 (3.6)
Cu	0.1 - 663 (61)
Pb	0.25 - 320 (17.8)
Zn	1 - 392 (76)
Cu+Pb+Zn	1.3 - 760 (155)
Samples Analyzed	107 samples

Drilling

Five NQ diamond drill holes totalling 2,161m were completed by EMM Drilling Services of Winnemucca, Nevada for GGE/Galahad. Boiling zone mineralization depths were estimated from fluid inclusion studies by Albinson (2002; 2006) to occur at least 250m and possibly as much as 350m below the surface. Anomalous gold, >50ppb Au, was intersected in all five holes but significant gold and silver results were limited to hole BC06-04, near the McAdoo Mine in the Red Ore structure, which intersected 0.5 g/t Au over 3m at 169m depth, 0.96 g/t Au over 1.5m at 321m and 362 g/t Ag over 1.5m at a depth of 173.5m. with addition core holes need to estimate true widths.

Diamond Drill Hole Parameters for GGE/Galahad 2006 Holes (from Abbott and Bagby, 2010)

Hole ID	EastingNAD27	NorthingNAD27	Elevation (m)	Azimuth	Dip	Total Depth (m)
BC06-01	389782	4579454	1530	310	-50	385.9
BC06-02	390994	4579110	1442	315	-50	498.6
BC06-03	390475	4577810	1469	300	-50	370.3
BC06-04	388950	4577300	1573	300	-50	514.6
BC06-05	389780	4577125	1579	295	-65	391.1

Sampling and Analysis, Security and Data Verification

Historic sampling was made by geological employees of large, professional Canadian, American and International mining companies, who generally used best practice, of the time, sampling techniques. No reports or data detailing the sampling methods, analyses, quality control measures or security procedures used by the major companies was available to the authors of the Technical Report for review.

Rock geochemical samples were taken from altered material on the property by OreQuest Consultants Ltd. (Cavey and Cherrywell, 2005) in a spot sampling approach but no attempt was made to verify previous rock chip sampling by other parties. During the recent examination of the Bottle Creek Property, Peter Christopher collected specimens of altered and mineralize surface material but does not plan to submit samples for analysis because a number of previous companies and consultants including OreQuest have obtained surface samples that verify the presence of gold pathfinder elements Hg, As, Sb, Th and Se some anomalous and low grade gold and silver values. The exploration target is at depth and drilling is required to obtain meaningful rock samples that evaluate the exploration target and deposit model.

The following procedures were followed by GGE/Galahad (Abbott and Bagby, 2010) in sampling the core from the 2006 drilling program. The core was transported from the drill site to core logging area by GGE contract staff. Prior to being logged, depth measurements are converted to metric and the core was photographed. Measurements were made of the core recovery and magnetic susceptibility of the rock. Before the core was cut, structural measurements of bedding, slip surfaces and slickenlines, shear planes and fabrics, and vein orientation were made relative to the core axis. Some oriented core was provided by drilling crews and structural measurements taken with a Brunton compass and oriented to magnetic North.

The core was generally sampled on 1.5 meter intervals. A quick initial logging procedure noted major lithologic breaks, orientations on veins, bedding and slicken-lines and the magnetic susceptibility measurements. The core was then cut longitudinally with a diamond saw. The samples were labelled with a number that corresponded to depth and which was recorded in sample log books and a numbered assay tag placed in the sample bag. In areas of significant mineralization, strong alteration, veining, or at lithologic contacts, sample intervals were shortened to isolate significant veins, rock types or alteration. One half of the core was bagged for analytical chemistry, and the other half retained for core logging and reference. The core is presently stored on the property at an old schoolhouse rented from the Bottle Creek Ranch. The core area was examined by Peter Christopher during his March 16, 2011 site examination. The boxes are intact and labels can be read but core is secured under roped down tarps and was not examined or re-sampled. The core is adequately stored and available for future reference.

All GGE/Galahad samples were submitted to the Winnemucca branch of ALS Chemex by GGE staff. Samples were submitted individually, but were composited by the staff at ALS in groups of no more than four 1.5 meter sample intervals. Instructions were provided ALS on which samples to composite to reduce analytical costs, but obtain systematic down-hole chemistry. Anomalous composites were later analyzed in separate 1.5m intervals.

Following the sampling, the core was logged, including observations on vein types and vein densities. An ultraviolet light was used to test veins for fluorescent minerals. The core is stored at the field office site in Desert Valley, an unused rural schoolhouse rented from the Jackson Mountain Community Association. Sample rejects and pulps are stored at a rented locked storage facility in Winnemucca.

Quality assurance and quality control (“QaQc”) of the samples was monitored by Clark Smith at Minerals Exploration and Environmental Geochemistry. She monitored the sage sampling program from design through chemical analysis. GGE geologists interpreted the results. The QaQc procedures included: (1) randomization of sample-collector and lines during sample collection, (2) randomization of samples at Minerals Exploration and Environmental Geochemistry (“MEG”) prior to submittal to the analytical laboratories, and (3) the inclusion of blind (to the analytical laboratory) standards and replicates of both standards and unknowns.

The chain of custody for the samples was: collection in the field by Clark and Colin Smith of MEG and by Ian Oelschig, Rebecca Morris, Beth Hunter, Jake Hunter and Ian Oelschig, all contract technical staff working for GGE, transportation to MEG in Reno by Clark and Colin Smith or by Ian and Rebecca, sample preparation and randomization at MEG, and finally, the transfer to analytical laboratories via express mail services.

The initial 2005 reconnaissance survey included several different analytical methods and different laboratories. The concern at that time was to determine the best lab for sample analysis from a more extensive program. The GGE QaQc evaluation of the 2005 data included analysis of accuracy and precision within and among the analytical labs. The interpretation of the QaQc data for the 2005 data suggested that the data from Acme Labs were the most reliable. Based on that analysis, Acme Analytical Laboratories Ltd. (“Acme”) was the sole lab used for all sage samples in 2006 (and sage samples from 2005 program were re-run using Acme). Sage ash was analyzed for Au and sage pulp for all other elements.

Accuracy and precision of the 2006 Au, As, Hg, Sb, Ba, and K data were analyzed as part of a QaQc program. The results of that analysis were reported in an internal document entitled “Accuracy & Precision for Multi-Element Analyses in Sage Samples, Acme Laboratory, 2006 Data for Bottle Creek Area and Gryphon Summit” written by W.C. Bagby in January 2007.

The accuracy of an analytical method is determined by comparison of a measured value to the “true value” of a reference standard. Clark Smith at MEG has developed a series of sage standards for which the “true value” could be considered to be the mean of the analyses. However, in sage biogeochemistry, it is not the accuracy of the analysis that is critical; it is the precision or repeatability during any analytical job. Element uptake and loss depends upon the season of sage sample collection, and thus, the same sage plant will report different element concentrations during different parts of the year. Thus, it is not the accuracy of the sage analysis that is important; it is the relative difference among low and high concentrations that are critical to the validity of a sage geochemistry program.

Analytical precision is a measure of the repeatability of the measured value for two or more analytical runs on the same sample. Precision was evaluated using either relative percent standard deviation (%RSD) or relative percent difference (%RPD).

Sample Preparation, Analysis and Security

The sample preparations and analyses done previous to that of the authors of the Technical Report were made by professional Canadian, American and International mining companies, who used professional assaying laboratories for their samples taken in the project area. No reports or data detailing the methods of sample preparation, or quality control measures used by the previous lessee companies was available to the writers for review and verification.

Full details of sample security of samples as required in NI 43-101 were not commonly provided in historic technical reports. However, there is no reason to suspect any irregularities or question the results of the old sampling as the results contained in these reports were collected by reputable mining companies.

The analyses of previous OreQuest samples were completed at ALS Chemex Labs (“ALS”), a professionally accredited laboratory (ISO 9001:2008/IEC 17025:2005) with samples delivered to the ALS preparation facility in Sparks, Nevada and final analysis completed in North Vancouver, British Columbia. The samples were delivered to

the laboratory by OreQuest and chain of custody was maintained by both OreQuest and Chemex. OreQuest sample was crushed to 2 millimetres and then a 250-gram split was taken and pulverized to 75 micron. The pulp was analyzed for gold by fire assay and for trace elements by inductively-coupled plasma-spectrometer (ICP) analysis.

GGE/Galahad delivered samples to the ALS preparation facility in Winnemucca or Sparks, Nevada with samples crushed to 2 millimetres and pulverized to 75 microns before sending a 200 gram split to the ALS analytical facility in North Vancouver for ICP analysis. Samples were analysing the ALS Multi acid dissolution ICP-MS technique for 47 elements and all data maintained in Excel spreadsheet files. The pulps are stored in locked storage in Winnemucca.

GGE/Galahad used ALS for analysis of rocks, soils and silts with samples delivered to the ALS preparation facility in Sparks, Nevada and 200 grams of >75 micron pulp sent to the ALS laboratory in North Vancouver for final analysis. After conducting a 2005 laboratory comparison GGE/Galahad selected Acme Analytical Laboratories Ltd. (“Acme”) in Vancouver, B.C., a certified laboratory (ISO 9001:2008), for biogeochemical analyses. A minimum of 100g of biogeochemical sample was sent to Acme in Vancouver, B.C. for preparation an analysis. Samples are dried and pulverized before ashing up to 0.1kg. with a 0.5g split digested in HNO₃ and then aqua regia. A 37 element (Group 1VE1-MS) is conducted by ultratrace ICP mass-spec analysis. Biogeochemical samples from outside B.C., Yukon and NWT cannot be returned and must be incinerated upon disposal. The chain of custody of all samples was maintained by GGE/Galahad consultants and contract employees by delivering samples directly to laboratories or recognized and bonded shippers.

The sample preparation, analytical methods and security for the work done by GGE/Galahad and ALS and Acme were of high standards and the authors of the Technical Report have no reason to doubt the results based on this work.

Data Verification

Data verification was conducted OreQuest during a previous site visit (Cavey and Cherrywell, 2005) and by data review in the field by Peter Christopher on March 15, 2011 and office review of reports and data obtained from Galahad. Assay values that were obtained by previous mining companies, for samples taken from the Bottle Creek Property were reviewed and appeared to correlate with appropriate geological materials and maintain a reasonable continuity with the expected results. It is believed that the present data review by the authors of the Technical Report allows for understanding of the property geology and database used for selection of exploration targets. Three surface sample specimens, containing visible cinnabar and/or stibnite were collected by the writer. The specimens are available for geochemical analysis but have not been analyzed because geochemical results for similar surface samples and drill core have been reported by several major companies and consultants. The exploration target is in the boiling zone at depth and requires drilling to obtain relevant test material.

Previous OreQuest sampling by Cherrywell (Cavey and Cherrywell, 2005) consisted of four surface samples. Three of the four samples returned weak concentrations of gold (1 ppb to a high of 7 ppb) and pathfinder elements. These results are within the anticipated model range for the deposit type.

OreQuest Geochemical Results for samples collected during Cherrywell’s QP Examination (Cavey & Cherrywell, 2005)

Sample Number	ME-ICP41 Ag ppm	ME-ICP41 As ppm	ME-ICP41 Cu ppm	ME-ICP41 Fe %	ME-ICP41 Hg ppm	ME-ICP41 Mn ppm
BC-01	0.3	194	40	1.56	2	35
BC-02	0.2	11	20	2.45	857	47
BC-03	<0.2	22	150	7.25	4760	1075
BC-04	0.2	193	44	4.4	237	43

Sample Number	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	ME-ICP41	Au-ICP22
	Mo ppm	Pb ppm	Sb ppm	Tl ppm	Zn ppm	Au ppb
BC-01	1	2	134	<10	10	7
BC-02	1	7	<2	<10	30	<1
BC-03	1	2	<2	<10	109	1
BC-04	<1	5	21	<10	42	2

ME-ICP41 – 43 Element Aqua Regia ICP-AES

Au-ICP22 – Au 50g FA ICP-AES finish

Note: This list of analytical results has been amended from the original assay certificate delivered from the ALS. The 12 elements are the typical area pathfinders of the 35 elements analyzed with 34 elements analyzed by inductively-coupled plasma-spectrometer (ICP) analysis and Au analyzed by fire assay.

Mineral Resource and Mineral Reserve Estimates

No mineral resources or mineral reserves (as defined in NI 43-101) have been established on the Bottle Creek Property.

Interpretation and Conclusions

The Bottle Creek Property area has a number of geological and mineral zoning similarities to the nearby Sleeper Gold deposit and the Ken Snyder and the Mule Canyon deposits. The project area is of sufficient size to host similar sized deposits. The large land package has been extensively surveyed by Galahad-GGE over the past several years using modern geological, geochemical and geological methods. The extensive database, geological modelling and limited core drilling support the interpretation that valid potential exists for high-grade precious metal mineralization in a vein system centred below the mined mercury deposits on the Bottle Creek Property. The Bottle Creek Property warrants further exploration to test for gold mineralization along and at depth on known mineralized structures.

The Bottle Creek Property offers good exploration potential for the discovery of high-grade, low-sulfidation epithermal mineralization. The geologic target at Bottle Creek is a low-sulfidation, epithermal precious metals systems associated with Miocene volcanic rocks (bimodal assemblage) which host several gold-silver deposits in western and northern Nevada.

The Bottle Creek Property contains permissive bimodal volcanic rocks and permissive ground preparation with high angle normal faults and their associated extension fractures. The property is located at the intersection of east-west and north-south structural lineaments. The younger, north-south structures are extensional faults which divide the area into a series of structural blocks, down-faulted to progressively deeper levels and progressively deeper exploration targets to the east (Abbott and Bagby, 2010). Magnetic and gravity anomalies have targeted areas of intersecting structures. Intersecting structures that occur in the area of previous mercury mines are considered priority targets. An acid-sulphate alteration zone, approximately five kilometres long by three kilometres wide with a core zone of approximately one by two kilometres, exists in the area of past mercury mining. Surface gold soil and rock values are generally weakly anomalous, in the 5 to 220 ppb gold range, but the presence of the pathfinder element assemblage of arsenic, antimony, mercury, thallium and to a certain degree selenium, support an interpretation that the surface is a high level zone of an epithermal mineralizing system. Petrography, clay alteration mineralogy and fluid inclusion studies suggest that the boiling zone could lie within 350m of the current surface and was not tested by historic, vertical RC holes. The five diamond drill hole by GGE/Galahad all intersected anomalous gold values with hole BC06-4 containing narrow intersections of significant gold and silver with intersections considered to be from above the boiling zone and the data package suggest the structures warranting deeper testing. BC06-1 should be extended to test the full width of the targeted fault zone at deeper levels.

Recommendations

Drilling to date at the Bottle Creek Property has not adequately tested the deep potential for gold and silver mineralization that could exist below the previous depths of drilling. A Phase I exploration program, consisting of

deeper drilling is recommended. The principal targets for this program are; deep structurally controlled vein style mineralization with potential for bonanza gold/silver grades and broader mineralization that can possibly be mined by bulk mining technology. The surface work and definition of Target 7 could be conducted in conjunction with drilling of previously defined and permitted sites but archaeological studies are required for drill site permitting and Target 7 is reserved for the success contingent Phase II.

A two-phased work program is outlined to continue exploration on the Bottle Creek Property. A Phase I exploration program should be completed within three months. This program would be dominated by a 2,400 meter diamond and/or RC drilling program in angle holes averaging 350-500 meters long to test the Red Ore, and Baldwin high angle structural conduits that control the location of historic mercury mines. The \$758,400 estimated costs would include the execution and supervision of the program along with initial data review and maintenance of the claims. Red Ore's 60% share and GGE operator's fee would be US\$463,840. Phase II as proposed and contingent upon the successful completion of Phase I and acquisition of a drill permit, is estimated to cost US\$606,000 with Red Ore's share totalling \$373,600. Refinements of cost estimates should to be based on Phase I experience. The Phase II budget will require adjustments for land costs if it extends into 2012, as it is currently expected to.

Cost Estimate for Recommended Phase 1 Program

Phase I	Cost (US\$)
Geochemistry	\$50,000
Drilling 2,400m 10-12 DDH 350-500m ea and/or RC @\$120/m	\$288,000
Consulting	\$125,000
Travel Expenses	\$35,000
Field Expenses	\$10,000
Administration and Office	\$10,000
Subtotal	\$518,000
Red Ore Share 60%	\$310,800
GGE Fees ~7% of 60% Red Ore Share	\$22,000
Red Ore Phase One Land Cost (60% of \$218,400 Total)	131,040
Phase I Total	\$758,400
Phase I Total Red Ore Share	\$463,840

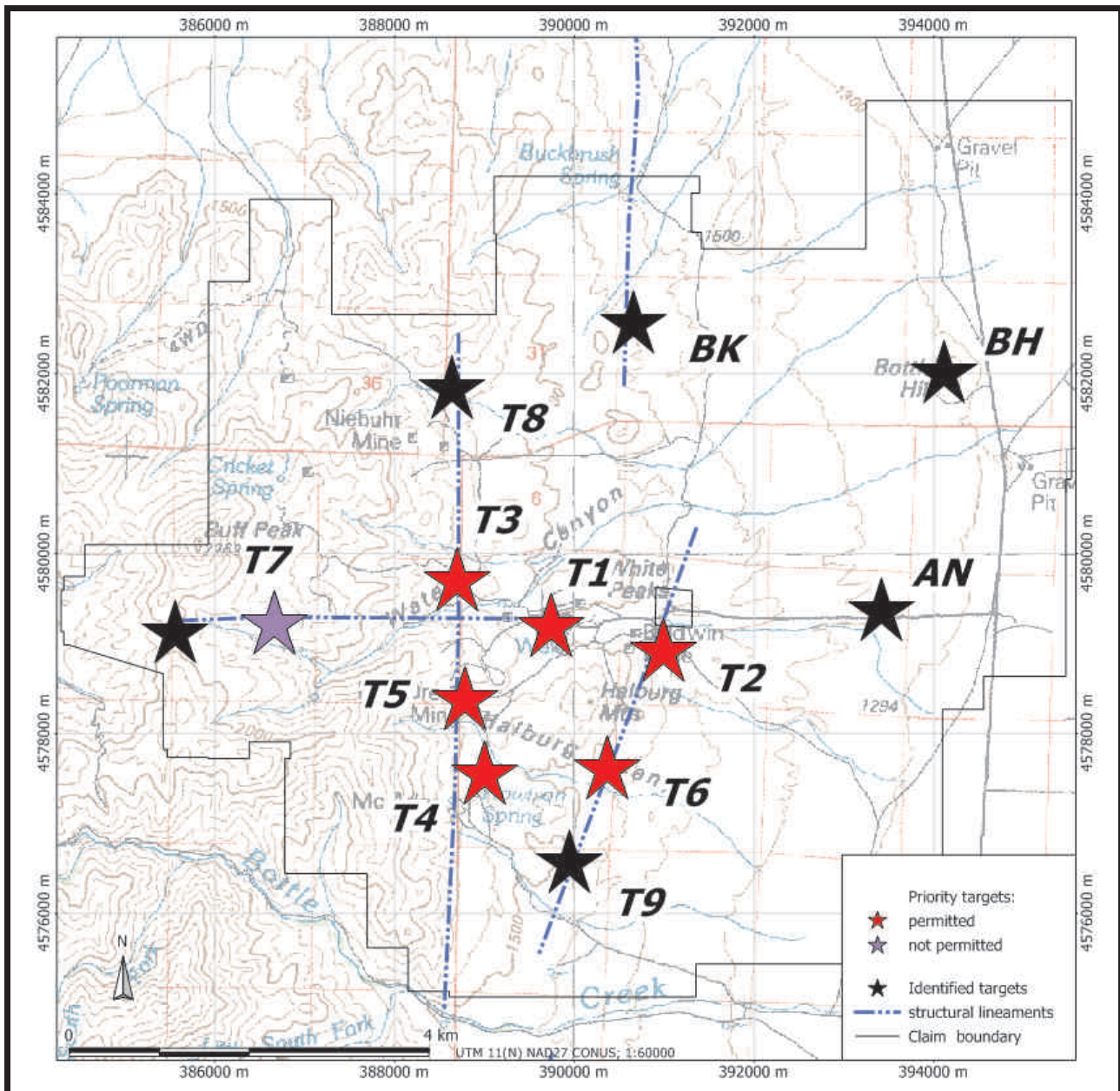
Cost Estimate for Success Contingent Phase II Program

Phase II	Cost (US\$)
Geophysics	\$40,000
Geochemistry	\$110,000
Drilling all inclusive 1,600m 10-12 DDH 400-500m ea and/or RC	\$192,000
Permitting and Environmental	\$42,000
Consulting	\$135,000
Travel Expenses	\$40,000
Field Expenses	\$12,000
Administration and Office	\$10,000
Subtotal	\$581,000
Red Ore Share 60%	\$348,600
GGE Fees ~7% Red Ore Share	\$25,000
Phase II Total Red Ore Share*	\$373,600

*Land cost for 2011 are included in Phase 1 but additional land costs may be required if Phase 2 extends into 2012, as is currently expected.

Summary of Exploration Targets on Bottle Creek Project
(from Abbott and Bagby, 2010)

Target Areas	Proposed Hole Depth (meters)	Comments
Permitted Targets		
<i>T-1A: Central district</i>	200	Deepening of BC06-1
<i>T-1B: Central District</i>	500	New hole tests core of district at depth and possible N end of the Bluebird structure Hole BC10-9
<i>T-2: Central sector of the Baldwin FZ:</i>	350-500	Tests the Baldwin fault structure Hole BC10-1
<i>T-3: Water Canyon sector of the Red Ore FZ</i>	350-500	Tests the intersection of the Red Ore fault zone and the Water Canyon fault zone Hole BC10-3
<i>T-4: Howison Spring segment of Red Ore FZ</i>	350	Tests the Red ore fault structure Hole BC10-6
<i>T-5: Quail Prospect segment of the Red Ore FZ</i>	350	Tests the Red ore fault structure Hole BC10-7
<i>T-6: SE Halburg segment of the Baldwin FZ (Phase 1 or 2)</i>	300-500	Tests the Baldwin fault structure Hole BC10-2 Note: Phase 2 if Phase 1 drilling allotment finished.
Not yet permitted targets (Phase 2)		
<i>T-7: Water Canyon-Buff Pass target area</i>	500-600	Tests the Au-Ag bearing veins in this key east – west vein swarm
<i>T-8: Washing Machine Pass target area</i>	300-400	Tests the intersection of the Red Ore fault zone and the WMP fault No specific site has been identified.
<i>T-9: Triassic Canyon Target area</i>	300-400	Tests the southern portion of the Bluebird fault zone Hole BC10-8
Sites are shown below.		



Target Map for Bottle Creek District (from Abbott and Bagby, 2010)

Bottle Creek Joint Venture Agreements

Joint Venture Agreement

Pursuant to the GGE Option Agreement, PMM was granted an option to purchase 60% of GGE's interest in the GGE Option Claims which included the P&K Claims.

On October 29, 2007, Galahad announced that it had completed the earn-in requirements with respect to the GGE Option Agreement. At that time, the Joint Venture Agreement came into effect automatically pursuant to the terms of the GGE Option Agreement, and all further work on and with respect to the property, and the subsequent relationship between Galahad and GGE became governed by the Joint Venture Agreement, which was subsequently amended by the parties in a letter agreement dated August 12, 2010. The Joint Venture Agreement was subsequently assigned by Galahad to the Company in connection with the transfer by Galahad to the Company of its interest in BCE.

The Joint Venture Agreement governs the relationship between the Company and GGE with respect to the Bottle Creek Property for the purpose of exploring the Bottle Creek Property and, if deemed warranted, bringing it or a portion of it into commercial production by establishing and operating a mine. The Company is currently the operator of the Bottle Creek Property pursuant to the terms of the Joint Venture Agreement, and GG has been delegated to manage the exploration programmes. The parties agreed to bear all costs and liabilities associated with the agreement, and to own the property, the assets and any mine, in proportion to their respective interests, which are currently 40% for GG and 60% for the Company. If a party chooses not to contribute its share of approved exploration expenditures, its percentage interest shall be reduced accordingly. If a party's interest is reduced to less than 15%, it is deemed to have assigned its interest to the other party and in return is granted a 10% net proceeds of production royalty, subject to adjustment. If a party chooses not to contribute its share of approved construction expenditures, its percentage interest shall be reduced accordingly, and at the completion date it is deemed to have assigned its interest to the other party and in return is granted a royalty percentage of the net proceeds of production which is equivalent to its interest as at the completion date, unless its interest is reduced to less than one percent in which case it forfeits its interest to the other party. If a party does not pay its share of construction costs or operating costs, the operator is entitled to take possession of all or any part of such party's interest, and to sell such interest, in which case the other party shall have a right of first refusal.

There is an area of common interest set out in the Joint Venture Agreement whereby if at any time during the term of the agreement any party or its affiliate stakes or otherwise acquires, directly or indirectly, any right or interest in any mineral property within that area that is included within the outermost boundary of the mineral properties which constitute the Bottle Creek Property, the management committee may elect to require that such mineral properties and the right or interest acquired form a part of the Bottle Creek Property.

If either party intends to sell all or any part of its interest in the Joint Venture Agreement, the other party has a right of first refusal. The Joint Venture Agreement continues for so long as both parties have any right, title or interest in and to the Bottle Creek Property. Upon termination, the parties are not relieved from any obligations accrued to that point that are still unsatisfied, nor from their obligations with respect to rehabilitation and reclamation of the mine site.

In August 2011, the Company received a letter from GGE's counsel indicating that notice had not been received from the Company regarding the Company's commitment to contribute its proportionate share of the 2011 exploration program that was approved in April 2011, a consequence of which is that under the terms of the Joint Venture Agreement, the Company is deemed to have elected to not contribute to such exploration program. The Company, through its counsel, has formally responded and advised GGE that notice of the Company's commitment to contribute its proportionate share of the 2011 exploration program was in fact provided and that the Company is ready, willing and able to make its contribution to BCE as soon as GGE confirms that it has funded GGE's proportionate share of the 2011 exploration program. The Company is confident that this matter will be resolved between the parties in short order; however, should the matter turn into a dispute which is ultimately not resolved in the Company's favour, the Company's interest in BCE may be diluted, which could have a material adverse effect on the Company's business and financial condition.

Management Committee

A management committee, with representatives from each of the Company and GG, makes all decisions in respect of mining operations of the Bottle Creek Property by vote, with each representative entitled to that number of votes equal to its nominating party's ownership interest percentage in the joint venture. Currently, the Company holds a 60% participating interest and has appointed Garry Smith as its representative on the management committee. See "Directors and Executive Officers" for further information on Mr. Smith. GG currently holds a 40% participating interest and has appointed Dr. Jeffrey Abbott as its representative on the management committee. See "Bottle Creek Joint Venture Agreements – Bottle Creek Exploration LLC" for further information on Dr. Abbott. The members of the management committee do not receive any compensation from their nominating party in relation to them being their nominating party's representative on the management committee except that each nominating party is required to bear any expenses incurred by their representative in attending meetings of the management committee pursuant to the terms of the Joint Venture Agreement.

Except for certain matters requiring unanimous or special majority approval, some of which are described below, a simple majority approval of votes representing more than 50% of the ownership interest percentage is required to

approve any action or matter requiring the approval of the management committee. The management committee may not transact business at a meeting unless a quorum is present, which consists of one representative of each the Company and GG.

Decisions of the management committee requiring unanimous approval include but are not limited to:

- (a) the approval of the permanent termination of mining operations; and
- (b) the surrender of all or any part of the Bottle Creek Property.

Decisions of the management committee requiring special majority approval of votes representing at least 75% of the ownership interest include but are not limited to:

- (a) the removal of the party acting as operator of the Bottle Creek Property;
- (b) the approval of a feasibility report; and
- (c) revisions to an approved annual plan of mining operations.

Due to the current ownership structure, decisions of the management committee that otherwise would require more than 50% approval effectively require the approval of the Company and decisions that would otherwise require 75% approval effectively require unanimous approval by the Company and GG.

Bottle Creek Exploration LLC

BCE is the only subsidiary of the Company. BCE was incorporated August 24, 2010 under the laws governing limited liability companies in the State of Nevada. Galahad initially held a 60% interest in the joint venture subsidiary, with GG, a wholly-owned subsidiary of GGE, holding the remaining 40% interest. The Bottle Creek Claims were transferred from GG to BCE on September 30, 2010.

The Company acquired a 60% interest in BCE (and indirectly in the Bottle Creek Claims) and assumed the Joint Venture Agreement on March 25, 2011 from Galahad, in exchange for 8,838,938 Common Shares of the Company valued at \$2,209,734.50.

As BCE is a Nevada limited liability company it does not have any directors or officers. The sole representative of BCE is Dr. Jeffrey Abbott who is the manager of BCE. Dr. Abbott was appointed as the manager of BCE by the members of BCE.

The place of residence of Dr. Abbott, along with his principal business or occupation in which he has been engaged during the immediately preceding five years, the period during which he has served as manager of BCE and the number and percentage of Common Shares owned, directly or indirectly, or controlled by him as at the date of this Prospectus is set out in the table below.

Name, Province and Country of Residence	Position with BCE	Principal Occupation During the Past Five Years	Period as Manager of BCE	Number and Percentage of Common Shares of the Company Held
Dr. Jeffrey Abbott, British Columbia, Canada	Manager	President of GGE; and Exploration Geologist	Since incorporation from August 24, 2010	Nil/Nil

In addition to being the manager of BCE, Dr. Abbott is the president of GGE as well as GG's representative on the management committee which makes all decisions in respect of mining operations of the Bottle Creek Property. See "Bottle Creek Joint Venture Agreements – Management Committee". He has over 40 years experience as an exploration geologist and has graduated from each of Harvard and the University of Colorado.

Dr. Abbott does not receive any compensation from either BCE or the Company in his capacity as the manager of BCE. Dr. Abbott does, however, receive compensation from BCE on an hourly basis for the provision of any geology consulting services that he performs in relation to the Bottle Creek Claims. Dr. Abbott has not received and is not anticipated to receive annual compensation from BCE or the Company in excess of \$150,000 for such consultant services rendered to BCE.

Operating Agreement

GG and Galahad entered into an Operating Agreement with respect to BCE on August 25, 2010, the day after BCE was incorporated. Galahad subsequently assigned the Operating Agreement to the Company in connection with the transfer by Galahad to the Company of its interest in BCE.

Members holding at least 50% of the members' interests are necessary for a quorum at any meeting of members, and the affirmative vote of members holding a majority of the members' interests shall be the act of the members, unless the vote of a greater or lesser proportion or number is otherwise required by Nevada law, the Articles of Organization, or the Operating Agreement. A member may not assign or transfer its interest without the prior consent of the other member.

USE OF PROCEEDS

Proceeds and Funds Available

Upon completion of the Offering the Company will have the following funds available for its future use:

	Minimum Offering	Maximum Offering
Gross Proceeds of Offering	\$1,501,950	\$3,000,000
Less: Agent's Commission ⁽¹⁾	\$150,195	\$300,000
Net Proceeds of Offering	\$1,351,755	\$2,700,000
Deduct Working Capital Deficiency as at July 31, 2011	(\$157,000)	(\$157,000)
Total Funds Available⁽²⁾	\$1,194,755	\$2,543,000

(1) Assuming the Agent elects to receive the Agent's Commission all in cash.

(2) If the Over-Allotment Option is exercised in full to purchase Over-Allotment Units only, the net funds available to the Company will be \$405,000. The proceeds to the Company from any exercise of the Over-Allotment Option will be added to general working capital.

Principal Purposes

The Company intends to use its available funds to continue with the exploration of the Bottle Creek Property and other activities related to the development of the property (as summarized, in part, under the heading, "*Description of Business – Bottle Creek Property – Exploration and Development*" above), maintain a working capital reserve and for other general corporate purposes, including potential acquisitions. In the event that the Over-Allotment Option is exercised in full, the additional estimated net proceeds of approximately \$405,000 will be used for the same purposes as set out above with the funds initially being allocated to the Company's working capital reserve.

The following table summarizes the expected uses of the available funds over the period ending 12 months from the Closing Date, when combined with the Company's working capital deficiency of approximately (\$157,000) as at July 31, 2011:

Use of Funds	Estimated Amount (Minimum)	Estimated Amount (Maximum)
Estimated remaining costs of this Offering (including regulatory filing fees, Exchange fees, legal fees, audit fees, transfer agent fees, and incidental Offering costs)	\$91,500	\$91,500
Proposed exploration expenditures over the next 12 months under the Joint Venture Agreement:		
Completion of 2011 Work Program, Phase I on the Bottle Creek Property (per the recommendations in the Technical Report)	\$413,000 ⁽¹⁾	\$413,000 ⁽¹⁾

Use of Funds	Estimated Amount (Minimum)	Estimated Amount (Maximum)
Completion of 2011 Work Program, Phase II on the Bottle Creek Property (per the recommendations in the Technical Report)	\$0	\$366,000 ⁽²⁾⁽³⁾
General and Administrative expenses for the next 12 months	\$320,000 ⁽⁴⁾	\$320,000 ⁽⁴⁾
Unallocated Working Capital to Fund Ongoing Operations	\$370,255	\$1,352,500
Total	\$1,194,755	\$2,543,000

- (1) Based on US\$421,720 (representing US\$463,840 being the estimated cost in the Technical Report less US\$42,120 representing regulatory fees no longer required to be paid) converted at the Bank of Canada's noon rate of 0.9784 on August 31, 2011 and rounded to the nearest \$1,000. Refer to "Description of the Business – Bottle Creek Property – Exploration and Development" for a breakdown of this figure.
- (2) Based on US\$373,600 converted at the Bank of Canada's noon rate of 0.9784 on August 31, 2011 and rounded to the nearest \$1,000. Refer to "Description of the Business – Bottle Creek Property – Exploration and Development" for a breakdown of this figure.
- (3) In the event the maximum Offering is not obtained, the Company may elect to re-allocate funds for other purposes and may not proceed with the Phase II program unless it raises additional funds.
- (4) See "Administrative Expenses" below for a breakdown of this figure.

The Company intends to spend the funds available to it as stated in this Prospectus. There may be circumstances however, where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its stated business objectives. In particular, the 2011 Work Program, Phase 2 on the Bottle Creek Property may be terminated or scaled back if the results of the 2011 Work Program, Phase 1 do not warrant completion of the entire program. In addition, if less than 10,000,000 Units are sold under the Offering, the Company may be required to re-allocate funds.

The Company also has long-term plans to complete Phase II on the Bottle Creek Property, per the recommendations in the Technical Report, currently anticipated to commence in Fall 2012 or early 2013.

Administrative Expenses

Upon completion of the Offering, the Company's working capital available to fund ongoing operations will be sufficient to meet its administrative costs for 12 months. The estimated administrative expenses for the following twelve months are comprised of the following:

Professional fees (Legal, Audit, Accounting)	\$38,000
Consulting fees (Management and General Administration)	\$181,500
Investor relations, corporate and shareholder communications	\$45,000
Listing and regulatory fees	\$28,300
Office and miscellaneous	\$12,000
Office rent	\$10,200
Transfer agent fees	\$5,000
Total	\$320,000

Negative Operating Cash Flow

Since inception, the Company has had negative operating cash flow and incurred losses, including for the financial period completed April 30, 2011. The losses and negative operating cash flow are expected to continue for the foreseeable future as the Company does not expect to generate any revenue from its operations and will continue to incur the operating expenses necessary to carry out its operations such as the above-described administrative expenses. The Company cannot predict when it will reach positive operating cash flow, if ever.

Due to the expected continuation of negative operating cash flow, the Company expects that its operating expenses for the first 12 months post-Offering will be funded through a combination of its existing working capital and the net proceeds of the Offering.

Sufficiency of Available Funds

The Company estimates that its available funds upon completion of the Offering will be sufficient to fund the Company's operations for a period of not less than 12 months. The Company expects that the total operating costs necessary for the Company to achieve its stated business objectives (as outlined below) during this period of time will be approximately \$730,000.

Business Objectives and Milestones:

The Company is primarily engaged in the acquisition of mineral resource properties in the United States and the exploration of such properties for minerals. The Company's business objectives for the near future will be commencing the Phase I program recommended by the Technical Report (see "*Description of the Business – Bottle Creek Property*"). A Phase I exploration program should be completed within three months of the Closing Date. This program would be dominated by a 2,400 meter diamond and/or RC drilling program in angle holes averaging 350-500 meters long to test the Red Ore, and Baldwin high angle structural conduits that control the location of historic mercury mines. As of the date of the Technical Report, the estimated costs were \$758,400 and include the execution and supervision of the program along with initial data review and maintenance of the claims. The Company's 60% share of such expenditures would be \$449,600. As of the date hereof, accounting for fluctuations in currency exchange rates and no longer having to pay certain regulatory fees, the estimated costs of Phase I are US\$702,867. The Company's 60% share of such expenditures would be \$412,611. Phase II as proposed and contingent upon the successful completion of Phase I and acquisition of a drill permit, is estimated to cost US\$606,000 with the Company's share being \$365,530. Refinements of cost estimates may arise as a result of the Phase I program. In the event the maximum Offering is not obtained, the Company may elect to re-allocate funds for other purposes and may not proceed with the Phase II program unless it raises additional funds. The Phase II program is currently anticipated to commence in Fall 2012 or early 2013, and therefore the Phase II budget may require adjustments for land costs. See "Use of Proceeds".

The Phase I exploration program is expected to commence upon completion of this Offering, receipt of regulatory approval to carry out the proposed exploration program and satisfactory weather conditions. Phase I of the program is estimated to be completed within three months after the Closing Date.

DIVIDENDS OR DISTRIBUTIONS

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings to finance growth and expand its operations and does not anticipate paying any dividends on its Shares in the foreseeable future.

The Company does not currently have a formal dividend policy and it is not expected that one will be implemented prior to the Company being able to generate revenues from operations.

Under the BCA, the Company will be unable to declare or pay a dividend if there are reasonable grounds for believing that: (a) the Company is insolvent; or (b) the payment of the dividend would render the Company insolvent.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to the Company, certain statements contained in this MD&A constitute forward-looking information, future oriented financial information, or financial outlooks (collectively, "forward-looking information") within the meaning of Canadian securities laws. Forward-looking information may relate to this document and other matters identified in the Company's public filings (under Galahad's press releases). The Company's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "will", "could", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "projects", "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, commodity prices, access to sufficient capital resources, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, results of exploration activities, the timing and amount of future production, the timing of construction of the proposed mine and process facilities, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, communications with local stakeholders and community relations, employee relations,

settlement of disputes, status of negotiations of joint ventures, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions. Such forward-looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of the Company's public filings (under Galahad's press releases), and include the ultimate determination of mineral reserves, availability and final receipt of required approvals, licenses and permits, ability to acquire necessary surface rights, sufficient working capital to develop and operate the proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee relations, lack of social opposition and legal challenges, ability to settle disputes, and the ultimate ability to mine, process and sell mineral products on economically favourable terms. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other Company filings with securities regulatory authorities which are available at www.sedar.com. Such risks and uncertainties include, among others, the risk that actual results of exploration activities will be different than anticipated, that cost of labour, equipment or materials increase more than expected, that the future price of minerals targeted by the Company will decline, that changes in project parameters as plans continue to be refined may result in increased costs, that plant, equipment or processes will fail to operate as anticipated, that accidents, labour disputes and other risks generally associated with mining may occur, that unanticipated delays in obtaining governmental approvals or financing or in the completion of development or construction activities may occur, currency fluctuations, as well as those factors discussed in the section entitled "Risk Factors" in this Prospectus. Forward-looking statements are based upon management's beliefs, estimate and opinions on the date the statements are made and, other than as required by law, the Company does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

INTRODUCTION

The following provides management's discussion and analysis ("MD&A") of the financial position of the Company and the results of operations of the Company for the period ended April 30, 2011. This MD&A was prepared by Company management and approved by the Board of Directors on June 30, 2011.

This MD&A complements and supplements the audited consolidated financial statements for the period ended April 30, 2011, and should be read in conjunction with the consolidated financial statements. All figures are presented in Canadian dollars (unless otherwise indicated) and are in accordance with Canadian generally accepted accounting principles. These statements together with the following management discussion and analysis dated June 30, 2011, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. The Company's consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are expressed in Canadian dollars ("CAD"), unless otherwise noted. The effective date of this management discussion is July 8, 2011.

NATURE OF OPERATIONS

Corporate summary

The Company 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. During March 2011, Galahad, a related party, received board of director approval to transfer all of its 60% ownership of Bottle Creek Exploration LLC, a joint venture subsidiary of Galahad incorporated in the State of Nevada, to the Company in exchange for 8,838,938 Common Shares.

Red Ore is 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 the 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.

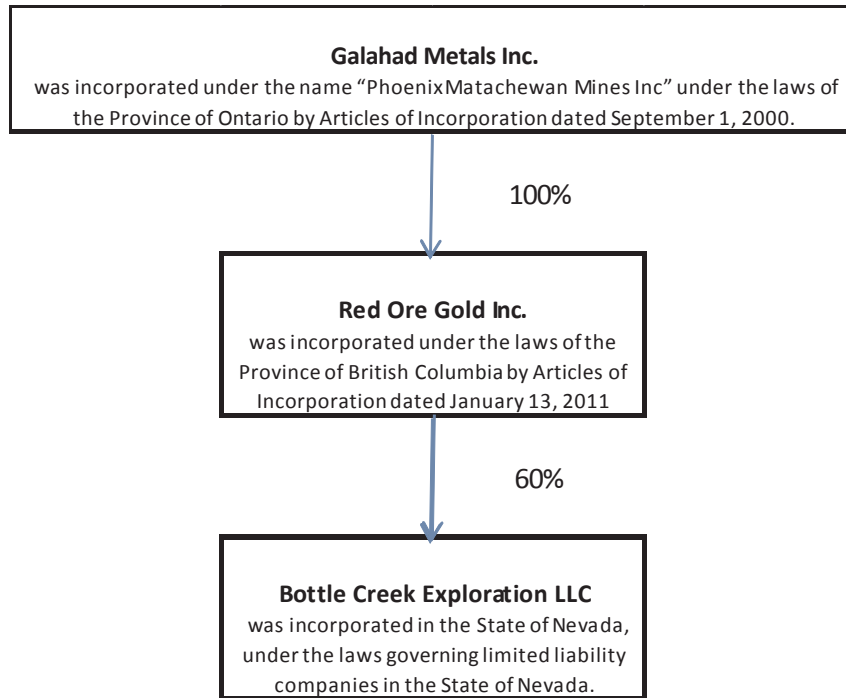
The Company has applied for its Common Shares to be listed on the TSX Venture Exchange under the symbol RXX. The primary office is located at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3 with the operating office located at 2746 St. Joseph Blvd. Suite 100, Orleans, Ontario, K1C 1G5.

Highlights

Highlights for the period ending April 30, 2011 include:

- Red Ore created as a wholly owned subsidiary of Galahad.
- Galahad transferred its 60% interest in Bottle Creek Exploration LLC into the Company.
- Red Ore signed Letters of Intent with Gold Range Company LLC to acquire a 100% interest in the Rye Patch and Pogonip Range properties in Nevada, USA.
- Red Ore completed a 43-101 report on the Bottle Creek Property.

COMPANY STRUCTURE



FOCUSED EXPLORATION

The Company has always had a different approach to gold exploration. Rather than have millions of acres and large budgets, it has instead gone to projects where gold and gold indicator minerals were already present, and then taken only enough claim ground to efficiently explore. In keeping with this method, the Company, in 2011, will focus on its Bottle Creek claims in Nevada, USA. The Red Ore Board of Directors have approved an initial public offering (an "IPO") of Red Ore of up to \$3,000,000 to cover IPO costs as well as fund the Phase I Bottle Creek Project exploration program.

BOARD PURPOSE AND FUNCTION

The Directors and management of Galahad have experience operating in the United States and taking projects through to various stages of exploration and development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the financial year under review, the board consisted of four members.

Except as disclosed below Red Ore is not aware of any director, or of the families of any directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in Red Ore and its subsidiary which has affected or will materially affect Red Ore or its subsidiary.

SELECTED ANNUAL INFORMATION

The following table contains selected financial information of the Company for the period ended April 30, 2011.

	<u>Period ended April 30, 2011</u>
Revenue	Nil
Total expenses	\$ 521,216
Net loss for the period attributable to the parent	\$ 477,935
Basic and diluted loss per common share	\$ 0.15
	<u>As at April 30, 2011</u>
Total assets	\$ 492,904
Total current liabilities	\$ 429,389
Total Shareholders' equity	\$ 63,515

The chart below presents the summary financial information of Red Ore:

Consolidated Statement of Financial Position	Balance as of April 30 2011	Consolidated Statement of Comprehensive Loss	January 13, 2011 to April 30 2011
	\$		\$
Current assets	475,057	Operating Expenses	520,185
Non-current assets	17,847	Other Expenses	1,031
Current liabilities	429,389	Comprehensive loss	(2,160)
Shareholders' equity	63,515		

Total expenses were \$521,216 for the period ended April 30, 2011. The expenses can be further detailed as follows: \$17,467 are due to investor relations-related activities. Professional fees of \$133,265 are due mainly to legal fees for the incorporation of the Company, the fees charged by the CFO as well as for legal fees relating to the private placement and general corporate filings are all grouped in professional fees as well as an accrual of \$25,000 to complete the Red Ore financial statement audit and professional fees of \$12,000 relating to Bottle Creek Exploration LLC accounting and legal fees. Management and Directors fees of approximately \$53,000 are due to the fact that each member of the Board of Directors is entitled to an annual retainer of \$6,000. Mr. Dow is entitled to receive compensation of \$5,000 per month from the Company per his management contract. General and administrative expenses of \$14,818 are due to costs to run the office on a daily basis, which include utilities, rent, insurance, contractor salaries, and other costs. In 2011, the Company awarded its founding officers with Common Shares as part of their initial compensation. A total of 340,000 Common Shares are to be issued to the Chief Executive Officer, the Chief Financial Officer, President and Comptroller upon completion of the Offering. The Common Shares are to be issued at \$0.25 per Common Share. A total of \$85,000 was recorded as a compensation expense. As of April 30, 2011 no economically viable mineral reserves were discovered on the company's exploration properties. Management has expensed direct exploration of \$216,285. Management will continue to assess the properties for economically feasible reserves.

No cash dividends have been paid by the Company. The Company has no present intention of paying cash dividends on its Common Shares as it anticipates that all available funds will be invested to finance new and existing exploration activities.

Acquisition of Bottle Creek Exploration LLC

The acquisition was effective on March 25, 2011. Galahad, a related party, transferred all of its 60% ownership of Bottle Creek Exploration LLC, a subsidiary of Galahad, which was incorporated in the State of Nevada. Although Bottle Creek Exploration LLC is structured as a company, IFRS requires the transaction to be accounted for as an acquisition of an asset. An overview of the accounting and its impact on 2011 financial results, are summarized below:

The transaction was accomplished through the issuance of 8,838,938 Common Shares. The carrying value of the consideration transferred in connection with the acquisition and the assets and liabilities recognized as a result of the acquisition are listed in the table below.

The carrying value of the assets and liabilities acquired is based on the financial statements of Bottle Creek Exploration LLC as at March 25, 2011.

Net Assets acquired on acquisition of Bottle Creek Exploration LLC

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

The Corporation's Statements of Comprehensive Loss, Cash Flows and Changes in Shareholders' Equity for 2011 include Bottle Creek Exploration LLC's (Nevada and Corporate) results for the period from March 25, 2011 to April 30, 2011.

The Corporation's Statement of Financial Position as of April 30, 2011 includes the assets of Bottle Creek Exploration LLC.

ON-GOING PROJECTS

Listed below is a summary of the main projects and their status:

Country	Project	Commodity	Status at April 30, 2011	2011 Plans	Red Ore Ownership	Financial Statements
United States	Bottle Creek	Gold	Trenching completed, initial drilling completed	Drilling planned for summer 2011	60%	Subsidiary
United States	Rye patch	Gold	Signed LOI	Enter into a definitive Option Lease Agreement.	N/A	Held directly in Red Ore Gold Inc.
United States	Pogonip Ridge	Gold	Signed LOI	Enter into a definitive Option Lease Agreement.	N/A	Held directly in Red Ore Gold Inc.

Mineral resources and mineral reserves

The Corporation has no known mineral reserves as defined by and compliant with the requirements of National Instrument 43-101.

Exploration and evaluation expenditures

During the period ended April 30, 2011, the Company incurred costs of \$216,285 on property exploration and evaluation. The \$216,285 incurred on property exploration costs can be further broken down as follows:

- (1) property acquisition and staking on the Bottle Creek Project: \$136,941 (representing primarily fees payable to the U.S. Federal Bureau of Land Management);
- (2) property acquisition and staking on Rye Patch: \$10,000 (representing fees payable on signing the letter of intent); and
- (3) exploration on Bottle Creek Project: \$69,344 (representing primarily fees paid to geologists, preparation of geological reports (including the technical report), geophysical and geochemical surveys, core storage, logistics, and core storage fees.

The table below is for information purposes only and shows the cumulative exploration and evaluations expenditures incurred on the Bottle Creek and Rye Patch properties by Red Ore as well as expenditures incurred on the Bottle Creek property by Galahad prior to the transfer to Red Ore on March 25, 2011.

Exploration and evaluation expenditures – exploration costs expensed by Galahad.

	Bottle Creek	Rye Patch	Total
	\$	US\$	\$
Balance, January 13, 2011	-	-	-
Geology	1,258,969	-	1,258,969
Geophysical	686,264	-	686,264
Geochemical	280,558	-	280,558
Drilling & assaying	641,773	-	641,773
Report Preparation	21,145	-	21,145
Core storage	3,399	-	3,399
Cumulative deferred exploration expensed	<u>2,892,108</u>	<u>-</u>	<u>2,892,108</u>

For a discussion of the Company's Bottle Creek Property, Rye Patch LOI and Pogonip Ridge LOI, please see "Description of the Business".

OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

Expenses and Net Loss for the Period End

Total operating expenses for the period ended April 30, 2011 were \$520,185.

Interest and other income earned for the period ended April 30, 2011 was \$ NIL. Foreign exchange loss on US dollar denominated balances and transactions were \$ 753 for the period end. Interest and bank charges were \$ 278 for the period end.

Net loss attributable to the parent for the period ended April 30, 2011 was \$477,935. Basic and diluted loss per common share for the period ended April 30, 2011 was \$(0.15).

Quarterly results

The Company has not included a schedule of quarterly results as April 30, 2011 is the first reporting period of the Company and therefore a table of quarterly results would not provide any additional information.

LIQUIDITY AND CAPITAL RESOURCES

At April 30, 2011, the Company had cash and cash equivalents totalling at \$457,081. During the period ended April 30, 2011, the Company obtained cash of \$ 23,372 through investing activities, received \$ 691,262 through financing activities and paid net cash of \$255,554 from operating activities.

The Company has financed its operations from inception to date through the issuance of equity securities. The Company has budgeted exploration work programs, administrative and other expenses that exceed available cash resources. As at April 30, 2011, the Company had total cash and cash equivalents of \$457,081 of which \$ 18,513 is restricted to exploration on the Bottle Creek Project. The Company requires additional funding to be able to further its existing exploration projects and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, development of its properties and generation of profitable operations in the future.

The Company's short term list of objectives is as follows:

- 1) Conduct its IPO by filing a prospectus in the provinces of British Columbia, Alberta and Ontario; and
- 2) Concurrent with its IPO, apply for a listing of the Red Ore common shares on the TSX Venture Exchange.

While management has been successful in obtaining sufficient funding for its operating, capital and exploration requirements from the inception of the Company to date there is, however, no assurance that additional future funding will be available to the Company, or that, when it is required it will be available on terms which are acceptable to management.

Contractual Obligations

The Company does not have any fixed contractual obligations or commitments for capital or operating leases, purchase obligations or other long-term commitments except for those related to property option agreements. Any commitments under exploration property option agreements are cancellable at the Company's option but would result in forfeiture of rights under those agreements.

Financing Transactions

2011 issuances

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

On January 13, 2011 the Board of Directors approved compensation Common Shares be issued to the Chief Executive Officer, the Chief Financial Officer and the Comptroller. The Company will issue the 290,000 Common Shares with an estimated value of \$0.25 per Common Share once it has completed the Offering. There were no warrants associated with the Common Shares.

On March 25, 2011 the Company issued 8,838,938 Common Shares to Galahad in exchange for Galahad's 60% interest in BCE. The Common Shares were recorded at the value of the carrying amount of the assets acquired of \$0.0014 per Common Share, with no warrants associated to the Common Shares.

On April 15, 2011 the Board of Directors approved compensation Common Shares be issued to the President. The Company will issue the 50,000 Common Shares with an estimated value of \$0.25 per Common Share once it has completed the Offering. There were no warrants associated with the Common Shares.

On May 5, the Company issued 935,000 units to investors at a price of \$0.50 per unit for gross proceeds of up to \$467,500 as part of a private placement. Each unit consisted of one Common Share of the Company and one Common Share purchase warrant. Each warrant entitled the holder thereof to acquire one Common Share of the Company at a price of \$0.75 per Common Share, subsequently amended to a price of \$0.40 per Common Share, exercisable on or before January 31, 2013.

The Company subsequently issued rights to its investors allowing them to subscribe for an additional 935,000 units at a price of \$0.01 per unit. Each unit consisted of one Common Share of the Company and one Common Share purchase warrant. Each Warrant entitled the holder thereof to acquire one Common Share of the Company at a price of \$0.40 per Common Share exercisable on or before January 31, 2013.

OUTSTANDING SHARE DATA

Information with respect to outstanding Common Shares, warrants, compensation options, compensation option warrants and stock options as at August 31, 2011, and April 30, 2011 are as follows:

	<u>August 31, 2011</u>	<u>April 30, 2011</u>
Common Shares	10,708,939	8,838,939
Common Shares to be issued	nil	1,275,000
Warrants	1,870,000	nil
Warrants to be issued	nil	935,000
Fully diluted Common Shares outstanding	<u>12,578,939</u>	<u>11,048,939</u>

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial instruments.

TRANSACTIONS WITH RELATED PARTIES

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:

	<u>April 30, 2011 (CAD)</u>
<u>Short-term key management benefits</u>	
Compensation including bonuses (1) (2) (3)(4)(5)	\$ 99,345
<u>Long-term key management benefits</u>	
Share based payments (1) (6)	\$ 85,000
Total remuneration	\$ 184,345

- (1) The Company has no employees. Compensation includes the Chief Executive and Chief Financial Officers fees, Presidents, VP of Exploration, 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. Key management are entitled to stock options for their services.
- (2) The Company has a management contract with Robin Dow, the Chairman and Chief Executive Officer of Red Ore, whereby Mr. Dow provides services as the Company's Chief Executive Officer and the Company pays him up to \$5,000 a month for accommodation fees, a retainer in his capacity as a Director and Chairman of the Board of Directors as well as a stipend for board meetings which he attends.. The amounts billed were based on normal market rates and amounted to **\$ 20,000**.
- (3) The Company has a consulting contract with Sabino Di Paola, the Chief Financial Officer of Red Ore, whereby the Company pays hourly compensation of \$100/hour for the provision of services by Mr. Di Paola as the Chief Financial Officer of the Company. The amounts billed were based on normal market rates and amounted to **\$ 8,480**.

- (4) The Company has a consulting contract with Paul Pitman, the President of Red Ore, whereby Mr. Pitman provides services as the President of the Company and as one of the Company's qualified persons, and the Company pays hourly compensation of \$100/hour for work performed by Mr. Pitman in providing the Board of Directors with required updates and requested analysis on the status of the properties. The amounts billed were based on normal market rates and amounted to \$ **12,665**.
- (5) The Company has a consulting contract with Garry Smith, the VP of Exploration of Red Ore, whereby Mr. Smith provides services as the Vice-President of Exploration of the Company and as one of the Company's qualified persons, and the Company pays daily compensation of \$700/day for work performed by Mr. Smith in providing the Board of Directors with required updates and requested analysis on the status of the properties. The amounts billed were based on normal market rates and amounted to \$ **25,200**.
- (6) Larry Hoover is a Director of the Company and receives a retainer as well as a stipend for meetings of the Board of Directors that he attends.
- (7) Michael Newman is a Director of the Company and receives a retainer as well as a stipend for meetings of the Board of Directors that he attends.
- (8) Robert Schellenberg is a Director of the Company and receives a retainer as well as a stipend for meetings of the Board of Directors that he attends.
- (9) As of April 30, 2011 the Board of Directors approved compensation Common Shares be issued to the Chief Executive Office, the Chief Financial Officer, and the President. The Company will issue 340,000 Common Shares with an estimated value of \$0.25 per Common Share. There were no warrants associated with the Common Shares

Transactions with related companies

In 2011 Red Ore shared office space with Galahad. The Board of Directors for Red Ore and Galahad have agreed that the rent for the operating office in Ottawa shall be paid by Galahad and all operating costs are to be paid by Red Ore. For the period ended April 30, 2011, the Company incurred shared costs of \$ 1,043.

At April 30, 2011 the Company has a payable to Galahad of \$214,872 for advances made to fund start-up costs, initial IPO costs as well as advancement of exploration and evaluation of its Bottle Creek and Rye Patch properties. The advances are non-interest bearing with no set terms of repayment.

PROPOSED TRANSACTIONS

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Company that are not otherwise disclosed herein.

CRITICAL ACCOUNTING ESTIMATES

Preparing financial statements in conformity with IFRS requires the Company to select from possible alternative accounting principles. Estimates also affect classification and reported amounts for various assets, liabilities, equity balances, revenues and expenses. Prior estimates are revised as new information is obtained and are subject to change in future periods. Management believes the accounting policies and estimates used in preparing the consolidated financial statements are considered appropriate in the circumstances, but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

Exploration and evaluation costs – Exploration and evaluation costs of mineral exploration properties together with direct exploration and development expenditures are only capitalized when the Board of Directors is convinced that the Company has an economically feasible mineral reserve located on one of its exploration properties. Until that point all exploration and evaluation costs are expensed until an economically feasible reserve is identified.

Income taxes - The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities based on the Company's current understanding of tax laws as applied to the Company's circumstances. Where the final tax outcome of these matters is different from the amounts that were initially

recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Stock option valuation - Issuances and grants of share options are valued using the fair value method. Management uses the Black-Scholes valuation model to estimate the fair value of options determined at grant date. Grants of options result in non-cash charges to expense or development property and a corresponding credit to share-based payment reserves. Charges associated with granted options are recorded over the vesting period. Significant assumptions affecting valuation of options include the trading value of the Company's shares at the date of grant, the exercise price, the term allowed for exercise, a volatility factor relating to the Company's historical share price, forfeiture rates, dividend yield and the risk-free interest rate.

RISKS AND UNCERTAINTIES

Please see "Risk Factors".

STRATEGY AND OUTLOOK

Our objective is to maximize the value of the Company for our shareholders and our strategy to obtain this result is to continually develop our mineral properties.

To proceed with this strategy, the Company will have, subsequent to year end, completed private placements and initial public offering. These funds were used to advance geological work on the Bottle Creek Property.

Outstanding Securities

The Company has an authorized share capital of an unlimited number of Common Shares, without par value and an unlimited number of Class A preferred shares without par value. As at the date hereof, 10,708,939 Common Shares, 1,870,000 warrants, and no Class A preferred shares were issued and outstanding. As at the date of this Prospectus, the Company has no other securities convertible into, or exercisable or exchangeable, for Shares.

DESCRIPTION OF SECURITIES DISTRIBUTED

The Company seeks to sell a minimum of 5,006,500 Units up to a maximum of 10,000,000 Units pursuant to this Offering, each Unit consisting of one Common Share and one Warrant.

The holders of the Common Shares are entitled to share pro rata in any dividends if, as and when declared by the Directors. The holders of the Common Shares are entitled to receive notice of any meeting of shareholder of the Company, attend all meetings of the shareholders of the Company and are entitled to one vote in respect of each Common Share held at such meetings in person by proxy (except as required by law or by Articles of the Company). In the event of liquidation, dissolution or winding-up of the Company, the holders of Common Shares are entitled to share rateably the remaining assets of the Company. There are no special rights or restrictions of any nature attached to any of the Common Shares, all of which rank equally as to all benefits which might accrue to the holders of the Common Shares.

DESCRIPTION OF WARRANTS

Except as set forth herein, a certificate or certificates representing the Warrants will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee as a global security and will be deposited with CDS, and registered in the name of CDS or its nominee. The Warrants will be governed by the terms and conditions set forth in the Warrant Indenture. The summary below of certain terms and conditions to be attached to the Warrants does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

The Common Shares and the Warrants comprising the Units will separate immediately upon closing of the Offering. The Warrants will be transferable but will not be listed and posted for trading on the Exchange. Warrants will be exercisable at any time prior to 4:30 p.m. (Vancouver time) on the date which is 2 years after the Closing Date of the Offering (the "Expiry Time"), after which time the Warrants will expire and become null and void. Each Warrant will entitle the holder to purchase one Warrant Share at a price of \$0.40 per Warrant Share. The exercise price for

the Warrants will be payable in Canadian dollars. The exercise price and the number of Warrant Shares issuable upon exercise of the Warrants will both be subject to adjustment in certain circumstances as more fully described below.

The terms and conditions set forth in the Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

- the issuance of Common Shares or securities exchangeable for or convertible into Common Shares at no additional cost to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a dividend paid in the ordinary course);
- the subdivision, redivision or change of the Common Shares into a greater number of shares;
- the reduction, combination or consolidation of the Common Shares into a lesser number of shares;
- the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the current market price for the Common Shares on such record date; and
- the issuance or distribution to all or substantially all of the holders of the Common Shares of (a) securities of any class, whether of the Company or any other person (other than the issue of Common Shares pursuant to a dividend paid in the ordinary course on the Common Shares), (b) rights, options or warrants (excluding those referred to in the preceding subparagraph), (c) evidences of indebtedness of the Company or (d) assets (excluding dividends paid in the ordinary course).

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of any of the following events: (1) reclassifications of the Common Shares; (2) capital reorganizations; (3) consolidations, amalgamations, arrangements or mergers of the Company with or into another entity; (4) a sale or conveyance of all or substantially all of the property and assets of the Company to any other entity; or (5) a liquidation, dissolution or winding up of the Company.

No adjustment will be required in the exercise price of a Warrant or the number of Warrant Shares which may be subscribed for on the exercise of a Warrant unless it would result in a change of at least 1% in the exercise price or the number of Warrant Shares which may be subscribed for on the exercise of a Warrant, provided that any adjustments which are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting rights or any other rights which a holder of Shares would have.

Exercise of Warrants and Warrant Agent

Capital Transfer Agency Inc. will be appointed Warrant Agent of the Company to receive subscriptions from holders of Warrants, to act as registrar and transfer agent for the Warrants and to perform certain services relating to the exercise and transfer of Warrants pursuant to the Warrant Indenture. The Company will pay for the services of the Warrant Agent. Holders of Warrants desiring to exercise such Warrants and purchase Warrant Shares should ensure that subscriptions and payment in full for such Warrant Shares are received by the Warrant Agent prior to 4:30 p.m. (Vancouver time) on the date which is 2 years after the Closing Date of the Offering (the "Expiry Time"). Warrants submitted to the Warrant Agent prior to the Expiry Time will be exercised in accordance with the practices and procedures of the Warrant Agent and the applicable CDS participants.

Delivery Form and Denomination of the Warrants

All Warrants will be deposited with CDS and all Warrant holders ("Warrantholders") will hold their Warrants through a CDS Participant. Holders must arrange exercises or transfers of Warrants through CDS Participants. The Company expects that each Warrantholder will receive a confirmation of the number of Warrants issued to such

Warrantholder from their CDS participant in accordance with the practices and procedures of that CDS participant. CDS will be responsible for establishing and maintaining accounts for its participants holding Warrants.

Neither the Company nor the Agent will have any liability for (i) the records maintained by CDS or CDS participants relating to the Warrants or the accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Warrants, or (iii) any advice or representations made or given by CDS or CDS participants with respect to the rules and regulations of CDS or any action to be taken by CDS or its participants.

The ability of a person having an interest in Warrants held through a CDS participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS participant) may be limited due to the lack of a physical certificate.

Sale or Transfer of Warrants

Warrantholders in Canada may, instead of exercising their Warrants to subscribe for Warrant Shares, sell or transfer their Warrants, subject to compliance with securities laws.

CONSOLIDATED CAPITALIZATION

The following table sets out the share capitalization of the Company as at the dates specified below.

Description	Authorized	Outstanding as at April 30, 2011	Outstanding as at the date of this Prospectus	Amount to be Outstanding after giving effect to the Offering	
				Minimum	Maximum
Common Shares	Unlimited	8,838,939 ⁽¹⁾	10,708,939 ⁽¹⁾⁽²⁾	16,055,439 ⁽²⁾⁽³⁾	21,048,939 ⁽²⁾⁽³⁾
Class A Preferred Shares	Unlimited	nil	nil	nil	nil

(1) See "Prior Sales" below.

(2) On an undiluted basis.

(3) On an undiluted basis. This figure is calculated assuming that an additional 340,000 Common Shares are issued to certain directors, officers and consultants of the Company subsequent to the Offering, at Closing the Company will issue 5,006,500 Units (Minimum Offering) or 10,000,000 Units (Maximum Offering), each Unit consisting of one Common Share and one Warrant. This figure does not include any Common Shares issued as part of Over-Allotment Units or Commission Units or any Common Shares issuable upon exercise of the Warrants, Additional Warrants, Compensation Options or Commission Unit Warrants.

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

The Company currently has a stock option plan in place (the "Plan") which provides for a variable number of Common Shares reserved for issuance under the Plan. The aggregate number of Common Shares issuable upon the exercise of all options granted under the Plan is limited to 10% of the outstanding Common Shares. Under the Plan, as at the date of this Prospectus, the Company has not issued any options ("Options") to purchase Common Shares.

The following are the main terms and conditions of the Plan:

1. only eligible persons, being employees, senior officers, directors, management company employees and consultants of the Company and its affiliates, including an issuer of all of the voting securities of which are owned by any such persons, will be entitled to receive options under the Plan;
2. the maximum number of Common Shares of the Company which may be issued pursuant to stock options granted under the Plan is 10% (on a non-diluted basis) of the issued and outstanding Common Shares of the Company at the time of the grant. Any increase in the issued and outstanding Common Shares will result in an increase to the 10% level in the available number of Common Shares issuable under the Plan, and any options that are cancelled or expired unexercised will make new grants available under the Plan;

3. the maximum aggregate number of Common Shares reserved for issuance pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to insiders of the Company (“Insiders”), shall not exceed 10% of the Common Shares outstanding at any time unless the Company has obtained prior approval of the disinterested shareholders of the Company;
4. the maximum aggregate number of Common Shares issued and options granted pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to Insiders within any a 12-month period shall not exceed 10% of the Common Shares outstanding unless the Company has obtained prior approval of the disinterested shareholders of the Company;
5. the total number of Common Shares reserved for issuance pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to any one individual within any twelve months period shall not exceed 5% of the Common Shares outstanding at any time unless the Company has obtained prior approval of the disinterested shareholders of the Company;
6. the maximum aggregate number of Common Shares reserved for issuance pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to any one consultant during any 12-month period may not exceed 2% of the issued Common Shares of the Company;
7. the maximum aggregate number of Common Shares reserved for issuance pursuant to the Plan or any other share compensation arrangement (pre-existing or otherwise) to optionees employed to provide investor relations activities during any 12-month period may not exceed, in aggregate, 2% of the issued Common Shares of the Company;
8. the exercise price of an Option may not be less than the closing price of the Common Shares on the Exchange on the trading day immediately preceding the day on which the Option is granted, less any allowable discount (provided that if there are no trades on such day then the last closing price within the preceding ten trading days will be used, and if there are no trades within such ten-day period, then the simple average of the bid and ask prices on the trading day immediately preceding the day of grant will be used) and, in any event, the exercise price per Common Share will not be less than \$0.10, being the minimum exercise price allowable under the policies of the Exchange;
9. the option period for an Option shall be determined by the Board at the time the Option is granted and shall be exercisable up to ten (10) years from the date the Option is granted;
10. Options granted to any optionee who is a director, senior officer, employee, consultant, management company employee must expire the earlier of (i) the original expiry date of such option and (ii) up to one year after the optionee ceases to be in at least one of those categories;
11. the Plan does not contain any mandated vesting provisions except as required by Exchange policies for persons providing investor relations services to the Company which must be subject to a twelve months vesting schedule whereby no more than 25% of the options granted may be vested in any three-month period;
12. the Options are non-assignable and non-transferable. Options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the Plan;
13. if an eligible optionee ceases to be an optionee due to death, the Options held by such optionee will be exercisable by such optionee’s legal heirs or representatives for a period not exceeding the earlier of one year from the date of such death and the original expiry date of such option;
14. the exercise price and the number of Common Shares which are subject to an Option may be adjusted from time to time for share dividends, and in the event of reclassifications, reorganizations or changes in the capital structure of the Company;
15. on the occurrence of a takeover bid, all outstanding Options, whether fully vested and exercisable or remaining subject to vesting or other limitations, shall be exercisable in full; and
16. specific disinterested shareholder approval is required to reduce the exercise price of an Option for an optionee who is an insider;

A copy of the Plan is available for viewing up to the date of the meeting at the Company's offices at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3. In addition, a copy of the Plan will be mailed free of charge to any holder of Common Shares who requests a copy from the Secretary of the Company. Any such requests should be mailed to the Company, at its head office, to the attention of the Secretary or electronically to admin@dowgroup.ca, attention Secretary.

The Plan is intended to provide the board of directors with the ability to issue options to provide the employees, consultants, officers and directors of the Company with long-term equity-based performance incentives which are a key component of the Company's executive compensation strategy.

The Company believes it is important to align the interests of management and employees with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

PRIOR SALES

The following table summarizes all issuances of Common Shares in the 12 months prior to the date of this Prospectus:

Date of Issue	Price per Security	Number of Securities	Reason for Issuance
January 13, 2011	\$1.00	1	Incorporation
March 25, 2011	\$0.25 ⁽¹⁾	8,838,938	Consideration to parent company Galahad Metals Inc. for Bottle Creek Exploration LCC interest
May 5, 2011	\$0.50	935,000 ⁽²⁾	Private Placement of units
August 31, 2011	\$0.01	935,000 ⁽³⁾	Rights Offering
TOTAL:		10,708,939⁽⁴⁾	

(1) 8,838,938 Common Shares at a deemed price of \$0.50 per Common Share were issued to Galahad in exchange for Galahad's interest in BCE and the Joint Venture Agreement. The fair market value of the interest in BCE was subsequently adjusted and as a result the Board of Directors adjusted the value ascribed to such Common Shares to \$0.25 per Common Share.

(2) Each unit was comprised of one Common Share and one warrant.

(3) On June 13, 2011, after consultation with the Agent with respect to pricing of the Common Shares to be issued in connection with the Offering, the Board of Directors of the Company 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, down from \$0.75. To give effect to the foregoing dilution, as of June 30, 2011, the Board of Directors of the Company approved the issuance of rights to the investors who participated in the Company's previous private placement, which closed on May 5, 2011. On August 31, 2011 the Company completed a rights offering with its existing shareholders for the subscription for an additional 935,000 Common Shares in the aggregate. The rights offering was fully subscribed, however, Galahad has agreed not to exercise any of the rights issued to it. As a result, upon the completion of the rights offering, the Company had 10,708,939 Common Shares issued and outstanding and also adjusted its then existing warrants to an aggregate of 1,870,000 warrants outstanding.

(4) The Company has agreed to issue an additional 340,000 Common Shares subsequent to the Offering to its Chief Executive Office, Chief Financial Officer, President and Office Administrator pursuant to their contractor agreements.

ESCROWED SECURITIES AND OTHER SECURITIES SUBJECT TO RESALE RESTRICTIONS

The following table sets forth details of the securities of the Company to be held in escrow following the completion of the Offering.

Securities in Escrow		Percentage of Class	
Designation of Class	Quantity ⁽¹⁾	Minimum Offering	Maximum Offering
Common Shares	9,138,939 ⁽²⁾	56.92% ⁽³⁾	42.94% ⁽³⁾
Pre-Offering Warrants	300,000	16.04% ⁽⁴⁾	16.04% ⁽⁴⁾

(1) The Escrowed Securities pursuant to the Escrow Agreement.

- (2) Plus an additional 340,000 Common Shares to be issued subsequent to the Offering.
- (3) Based on 10,708,939 Common Shares issued and outstanding on the date of this Prospectus, assuming no exercise of the Over-Allotment Option and assuming the Agent elects to receive the Agent's Commission in cash, and the issuance of an additional 340,000 Common Shares subsequent to the Offering.
- (4) Based on 1,870,000 warrants issued and outstanding. See "Prior Sales".

Under National Policy 46-201 *Escrow for Initial Public Offerings* ("**NP 46-201**"), securities held by Principals (as defined below) are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Equity securities owned or controlled by Principals are subject to the escrow requirements.

A "**Principal**" is defined as:

- (i) a director or senior officer of the Company or of a material operating subsidiary of the Company, as listed in this Prospectus;
- (ii) a promoter of the Company during the two years preceding this Offering;
- (iii) a person who owns and/or controls more than 10% of the Company's voting securities immediately before and immediately after completion of this Offering if the person also has elected or appointed or has the right to elect or appoint a director or senior officer of the Company or of a material operating subsidiary of the Company;
- (iv) a person who owns and/or controls more than 20% of the Company's voting securities immediately before and immediately after completion of this Offering; and
- (v) associates and affiliates of any of the above.

Pursuant to the Escrow Agreement to be entered into prior the close of the Offering by the Company, the Escrow Agent and certain principals and shareholders of the Company, the principals and shareholders will agree to deposit in escrow their securities of the Company (the "**Escrowed Securities**") with the Escrow Agent. As an "emerging issuer" under NP 46-201, the Escrow Agreement will provide that the Escrowed Securities will be released from escrow as to 10% on listing the Common Shares on the Exchange and then in equal tranches at six month intervals for a three-year period.

Pursuant to the terms of the Escrow Agreement, the securities held in escrow will not be able to be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within escrow are:

- (i) transfers to existing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's board of directors;
- (ii) transfers to a person or company that before the proposed transfer holds more than 20% of the Company's outstanding Common Shares, or to a person or company that after the proposed transfer will hold more than 10% of the Company's outstanding Common Shares and has the right to elect or appoint one or more directors or senior officers of the Company or any material operating subsidiary;
- (iii) transfers to an RRSP or similar trusted plan provided that the only beneficiaries are the transferor or the transferor's spouse, children or parents;
- (iv) transfers upon bankruptcy to the trustee in bankruptcy;
- (v) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow; and
- (vi) tenders of escrowed securities in a business combination, provided that, if the tenderer is a Principal of the successor issuer upon completion of the business combination, securities received in exchange for tendered escrowed securities are substituted in escrow on the basis of the successor issuer's escrow classification.

Shares Subject to Resale Restrictions

Statutory Hold Periods

In addition to the foregoing escrow provisions, securities legislation imposes certain resale restrictions on Common Shares issued within four months prior to an initial public offering. The legislation which imposes and governs these hold periods is National Instrument 45-102 - *Resale of Securities* (“NI 45-102”).

NI 41-101 imposes a restriction on the Qualified Compensation Securities. Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the Common Shares and Warrants offered pursuant to this Prospectus, which in the case of this Offering is 1,001,300 securities (Minimum Offering) and 2,000,000 securities (Maximum Offering). For the purposes of the Offering, any combination of the following are Qualified Compensation Securities (within the aggregate amounts set forth above) and are qualified for distribution by this Prospectus: (a) 500,650 Compensation Options (Minimum Offering) and up to 1,000,000 Compensation Options (Maximum Offering); and (b) 500,650 Commission Unit Shares (Minimum Offering) and up to 1,000,000 Commission Unit Shares (Maximum Offering) and 500,650 Commission Unit Warrants (Minimum Offering) and up to 1,000,000 Commission Unit Warrants (Maximum Offering). To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the securities issued under the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the directors and officers of the Company, as of the date of this Prospectus, no person beneficially owns, directly or indirectly, or exercises control, or direction over more than 10% of the Company’s Shares or will hold directly or indirectly, or exercise control and direction over, more than 10% of the Company’s Shares on completion of the Offering except for the following:

Name	Prior to the Offering		After Giving the Effect to the Offering		
	Number of Common Shares Held	Percentage of Common Shares Held ⁽¹⁾	Number of Common Shares Held ⁽²⁾	Percentage of Common Shares Held ⁽³⁾ Minimum	Percentage of Common Shares Held ⁽³⁾ Maximum
Galahad Metals Inc.	8,838,939	82.53%	8,838,939	55.05% ⁽⁴⁾	41.99% ⁽⁴⁾

- (1) Based on 10,708,939 Common Shares issued and outstanding on the date of this Prospectus.
- (2) Assuming no participation in the Offering.
- (3) Based on 10,708,939 Common Shares issued and outstanding on the date of this Prospectus, assuming no exercise of the Over-Allotment Option and assuming the Agent elects to receive the Agent’s Commission in cash, and the issuance of an additional 340,000 Common Shares subsequent to the Offering.
- (4) On a fully-diluted basis, based on 10,708,939 Common Shares issued and outstanding on the date of this Prospectus, Galahad would hold 82.53% of the outstanding Common Shares prior to the Offering, and 49.31% of the outstanding Common Shares after giving effect to the Minimum Offering and 38.57% of the issued and outstanding Common Shares after giving effect to the Maximum Offering.

DIRECTORS AND EXECUTIVE OFFICERS

Name, Occupation and Security Holdings

The following table provides the name, province and country of residence, position and offices held with the Company and principal occupations during the preceding five years, and the number of securities held on completion of the Offering of each of the directors and executive officers of the Company. Each director of the Company holds office until the next annual general meeting of the shareholders of the Company or until his successor is duly elected or appointed.

Name, Province and Country of Residence and Position with the Company	Date of Appointment	Principal Occupation for the Past Five Years
Robin Dow Vancouver, British Columbia, Canada Chief Executive Officer, Corporate Secretary & Director	January 13, 2011	Chairman, Chief Executive Officer and Director and consultant to Galahad Metals Inc., June 2001 to the present. Managing Director, Cornerstone Capital Corporation, since 1986.
Sabino Di Paola Ottawa, Ontario, Canada Chief Financial Officer	January 13, 2011	Chief Financial Officer, Red Ore Gold Inc., Galahad Metals Inc., Wedge Energy International Inc., Desiree Resources Inc., Diamond International Exploration. Senior Accountant at BDO Dunwoody LLP.
Paul Pitman Brampton, Ontario, Canada President	March 28, 2011	Mr. Pitman has been a consulting geologist since 1983 as the Principal of PWP Consulting. Vice President, Ur-Energy Inc. from 2004-2011, Yukon Gold Corporation, Inc. in 2009.
Garry Smith Woodlawn, Ontario, Canada Vice President, Exploration	March 28, 2011	Mr. Smith has been a consulting geologist since 1990 as the Principal of Devon Corporation, and has been practising continuously as an exploration geologist for over 25 years. Vice President, Gold Canyon Resources Inc. from 2003-2007.
Larry Hoover ⁽¹⁾⁽²⁾ Millbrook, Ontario, Canada Director	January 13, 2011	Director, Galahad Metals Inc. Consultant, Larry Hoover Consulting Services.
Michael Newman ⁽¹⁾⁽²⁾ Richmond Hill, Ontario, Canada Director	January 13, 2011	Director, Augen Capital Corp., Augustine Ventures Inc., Capricorn Business Acquisitions Inc., China Green Star Agricultural Corporation, Leo Acquisitions Corp., and Loyalist Group Limited. Chief Executive Officer of Caldera Geothermal Inc. from February 2010 to March 2011. Managing Director of Adevam Investments Inc. since July 1997, and a director of Augen Capital Inc. since September 2010 and of Loyalist Group since December 2010. President and Chief Executive Officer of InterRent REIT from September 1997 to September 30, 2009 and a trustee from December 2006 to December 2009.
Robert Schellenberg ⁽¹⁾⁽²⁾ Grand Rapids, Michigan, USA Director	February 22, 2011	Director, Galahad Metals Inc. Attorney licensed in the state of Michigan, currently practicing as a Certified Public Accountant

(1) Denotes a member of the Audit Committee of the Company.

(2) Denotes a member of the Governance, Compensation and Nominating Committee.

As at the date of this Prospectus, the directors and executive officers of the Company as a group beneficially own, or control or direct, directly or indirectly, an aggregate of 300,000 Common Shares, which is equal to 2.8% of the Common Shares issued and outstanding as at the date of this Prospectus and will exercise control and direction over 600,000 of the Common Shares representing 3.74% of the issued and outstanding Common Shares upon completion of the Minimum Offering and 2.85% of the issued and outstanding Common Shares after giving effect to the

Maximum Offering (assuming no exercise of the Over-Allotment Option and no Commission Units are issued and no participation in the Offering).

Management, Directors and Officers

The following additional information is provided for the key management, directors and officers of the Company:

Robin Dow (Age 60), Chief Executive Officer, Corporate Secretary and Director

Mr. Dow's responsibilities include overseeing all aspects of the Company's business and operations. Mr. Dow works part-time with the Company and intends to devote approximately 50% of his time to the business and affairs of the Company. There is a consultant contract in place between the Company and Mr. Dow regarding his services. Mr. Dow has not entered into a non-competition or non-disclosure agreement with the Company.

Mr. Dow has over 33 years experience in consulting to or in funding private and public corporations. He received his B.A. (Hons.) in Business Administration in 1973 and his Masters in Business Administration in 1975 from the University of Western Ontario, and has been a Fellow of the Canadian Securities Institute since 1979. Mr. Dow started Cornerstone Capital Corporation in 1986 as a consulting vehicle to start-up junior resource and industrial technology companies entering the public market. Mr. Dow has been a director and Secretary of the Galahad since June 2000, became its Chairman and Chief Executive Officer in 2002, and is currently a Managing Director. Mr. Dow currently serves as Chairman of the Board, Chief Executive Officer, Director and consultant to Galahad Metals Inc.

Mr. Dow has previously served as a director and/or officer of the following public companies in the last ten years: Patrician Diamonds Inc. (1994-2010); Ur-Energy Inc. (2004-2006) and Aura Silver Resources Inc. (2004-2006).

Sabino Di Paola (Age 33), Chief Financial Officer

Mr. Di Paola is responsible for the financial controls of the Company, including the preparation of financial statements. Mr. Di Paola works part-time with the Company and intends to devote approximately 20% of his time to the business and affairs of the Company. There is a consultant contract in place between the Company and Mr. Di Paola regarding his services. Mr. Di Paola has not entered into a non-competition or non-disclosure agreement with the Company.

Mr. Sabino Di Paola is a Chartered Accountant in the Provinces of Quebec and Ontario and a member in good standing of The Quebec Order of Chartered Accountants as well as the Order of Chartered Accountants of Ontario. He has a wide variety of experience in computer systems and consulting, and has worked with international accounting firms performing engagements on both the public and private sector organizations. He is also a Chief Financial Officer with four other junior exploration companies.

Paul Pitman (Age 64), President

Mr. Pitman will be responsible for all aspects of the Company's business and operations. Mr. Pitman works part-time with the Company and intends to devote approximately 20% of his time to the business and affairs of the Company. There is a consulting agreement in place between the Company and Mr. Pitman regarding his services, whereby he has agreed not to disclose any information relating to the private and confidential affairs of the Company at any time, and not to offer services to any other person or entity where there may be a conflict of interest with the Company.

Paul W. Pitman, S.Sc.(Geo.), P. Geo., has over 40 years of continuous experience as an exploration geologist. Since 1983 he has acted as a geological consultant as principal of PWP Consulting to over 70 clients. He has served as a director and/or officer of Ur-Energy Inc., Aura Silver Resources Inc., Patrician Diamonds, Nuinsco Resources Limited, Coniagas Resources Ltd. and Yukon Gold Inc.

Mr. Pitman has a BSc (honours) from Carleton University.

Garry Smith (Age 58), Vice President, Exploration

Mr. Smith will be responsible for managing the Company's exploration projects in Nevada. Mr. Smith works part-time with the Company and intends to devote approximately 75% of his time to the business and affairs of the Company. There is no contract in place between the Company and Mr. Smith regarding his services and he has not entered into a non-competition or non-disclosure agreement with the Company.

Garry K. Smith, P. Geo., has provided geological exploration services to numerous exploration and mining companies for over 25 years and has served as a consultant to boards and held VP Exploration positions. He has an B.Sc. (honours) from University of Waterloo.

Larry Hoover (Age 54), Director

Mr. Larry Hoover is a Director of the Company and is a member of the Audit Committee and the Governance, Compensation and Nominating Committee. Mr. Hoover will be responsible for providing the necessary technical expertise to the Company's Board of directors. Mr. Hoover will provide his expertise and advice on an as needed basis. There is no contract in place between the Company and Mr. Hoover regarding his services and he has not entered into a non-competition or non-disclosure agreement with the Company.

Mr. Hoover is also a Director of Galahad Metals Inc. He is an analytical chemist, who spent much of his career applying that knowledge in the field of environmental monitoring, exposures, and the toxicology of contaminants. For the past 15 years, Mr. Hoover has, through his consulting firm Larry Hoover Consulting Services Inc., provided research and analytical support to organizations on a contract basis. Over the last half decade, Mr. Hoover has focused primarily on consulting for junior mineral explorers, providing diverse services including research and analysis, report generation, investor relations, and fund-raising assistance.

Michael Newman (Age 65), Director

Mr. Michael Newman is a Director of the Company and is a member of the Audit Committee and the chair of the Governance, Compensation and Nominating Committee. Mr. Newman will be responsible for providing the necessary financial and public company expertise to the Company's Board of directors. Mr. Newman will provide his expertise and advice on an as needed basis. There is no contract in place between the Company and Mr. Newman regarding his services and he has not entered into a non-competition or non-disclosure agreement with the Company.

Mr. Newman is also a Director of Augen Capital Corp., Augustine Ventures Inc., Capricorn Business Acquisitions Inc., China Green Star Agricultural Corporation, Galahad Metals Inc., Leo Acquisitions Corp., and Loyalist Group Limited. Mr. Newman was the Chief Executive Officer of Caldera Geothermal Inc. from February 2010 to March 2011, and remains on the board as a director. Mr. Newman has been Managing Director of Adevam Investments Inc. since July 1997, a director of Augen Capital Inc. since September 2010, and a director of Loyalist Group since December 2010.

Mr. Newman held the position of President and Chief Executive Officer of InterRent REIT, a publicly listed company on the Toronto Stock Exchange, from September 1997 to September 30, 2009 and held the position of trustee of InterRent REIT from December 2006 to December 2009. Mr. Newman was a director of SKOR Food Group Inc. from August 1997 to May 2011. He also served as director of numerous public companies in the last ten years.

Robert Schellenberg (Age 59), Director

Mr. Robert Schellenberg is a Director of the Company, the chair of the Audit Committee and a member of the Governance, Compensation and Nominating Committee. Mr. Schellenberg will be responsible for providing necessary financial expertise to the Company's Board of directors. Mr. Schellenberg will provide his expertise and advice on an as needed basis. There is no contract in place between the Company and Mr. Schellenberg regarding his services and he has not entered into a non-competition or non-disclosure agreement with the Company.

Mr. Schellenberg is also a Director of Galahad Metals Inc. and is the chair of its audit committee. He is an attorney licensed in the state of Michigan and a Certified Public Accountant. Since 1989 he has been a principal of the CPA firm Schellenberg & Evers in Grand Rapids, Michigan. Mr. Schellenberg's practice areas include estate planning,

estate and gift taxation, valuations, financial planning, individual and corporate taxation and litigation support. Mr. Schellenberg has been a director of Cabo Drilling Corporation since December 2006, a director of Diamond Exploration Inc. from March 2007 and chair of its audit committee from February 2009, and a director and chair of the audit committee for Galahad Metals Inc. since October 2008.

Corporate Cease Trade Orders

Except as set forth below, none of the directors or executive officers of the Company is, as at the date of the Prospectus, or was within the past 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that: (a) was subject to a cease trade order or similar order or an order that denied such company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer such company; or (b) was subject to a cease trade order or similar order or an order that denied such company access to any exemption under securities legislation for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of such company and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Diamond International Exploration Inc. was subject to a management cease trade order from May 1, 2010 to June 30, 2010 as the financial statements of the company were delayed to due delays in the audit. Mr. Dow was CEO and Director and Mr. Di Paola was Chief Financial Officer for the company during such time.

Bankruptcies

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, as at the date of this Prospectus, or has been within the ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a regulatory authority (excluding settlement agreements entered into before December 31, 2000 where the particulars of such settlement agreements would not be likely to be considered important to a reasonable investor in making an investment decision); or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Some of the directors and officers of the Company are or may be engaged in business activities on their own behalf and on behalf of other corporations and situations may arise where some of the directors or officers may be in potential conflict of interest with the Company. Conflicts, if any, will be subject to the procedures and remedies under the BCA.

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises in respect of any matter, any director in a conflict will disclose his interest and abstain from voting on such matter.

EXECUTIVE COMPENSATION

Named Executive Officers

For the purposes of this Executive Compensation Disclosure, a Named Executive Officer (“NEO”) of the Company means each of the following individuals:

- (a) a chief executive officer (“CEO”) of the Company;
- (b) a chief financial officer (“CFO”) of the Company,
- (c) each of the Company’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6, for the April 30, 2011 financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity at April 30, 2011.

During the Company’s most recently completed financial year ended April 30, 2011, the Company had two NEOs, Robin Dow, the Chief Executive Officer, and Sabino Di Paola, the Chief Financial Officer of the Company.

Compensation

Discussion and Analysis

The Governance, Compensation and Nominating Committee of the Company is responsible for ensuring that the Company has in place an appropriate plan for executive compensation with respect to the compensation of the Company’s executive officers. Compensation plays an important role in achieving short and long-term business objectives that ultimately drive business success. The Company’s compensation philosophy is to foster entrepreneurship at all levels of the organization by making long term equity-based incentives, through the granting of stock options, a significant component of executive compensation. This approach is based on the assumption that the performance of the Company’s Common Share price over the long term is an important indicator of long term performance. Option-based compensation represents compensation that is “at risk” and thus may or may not be paid to the respective executive officer depending on the market performance of the Company’s Common Shares (assuming that they become listed on the Exchange pursuant to this Offering).

Base Salary

Consulting Contracts

The Company has entered into a consulting agreement with Mr. Robin Dow, the Chief Executive Officer of the Company, to provide executive management services to the Company. The agreement expires December 31, 2013, and either party may terminate the agreement at any time upon 90 days notice. Should the Company terminate the agreement for any reason, Mr. Dow is entitled to a \$60,000 severance payment. Under the terms of that contract, the Company may pay up to \$5,000 per month, if and when available, in cash for management services. Mr. Dow is entitled to receive a total of 200,000 Common Shares of the Company. Mr. Dow is also entitled to receive options for Common Shares under the terms and conditions of the Plan and as determined by the Board. Mr. Dow agreed not to disclose any confidential information of the Company during the term of the agreement.

The Company has also entered into a consulting agreement with Mr. Sabino Di Paola, the Chief Financial Officer of the Company. The agreement expires December 31, 2013, and either party may terminate the agreement at any time upon 90 days notice. If the Company terminates the agreement without just cause, Mr. Di Paola is entitled to 90 days of advance notice or compensation in lieu of notice equal to 1 month plus 2 weeks per year of completed service with the Company. Under the terms of the agreement, Mr. Di Paola will bill the Company at \$100 per hour in connection with various CFO services, and is guaranteed a minimum of 250 billable hours annually. Mr. Di Paola is also entitled to receive a total of 50,000 Common Shares of the Company. Mr. Di Paola is also entitled to receive options for Common Shares under the terms and conditions of the Plan and as determined by the Board. Mr. Di Paola agreed not to disclose any confidential information of the Company during the term of the agreement.

During the financial year ended April 30, 2011, the Company paid \$20,000 to Mr. Dow and \$8,480 to Mr. Di Paola pursuant to their respective consulting agreements with the Company.

The Company has entered into a consulting agreement with Mr. Paul Pitman, the President of the Company, to act as interim President to the Company and to act as the Qualifying Person under the terms of National Instrument 43-101 for its Nevada projects. The agreement expires July 15, 2011, and either party may terminate the agreement at any time upon 30 days notice. Under the terms of the agreement, Mr. Pitman will bill the Company at \$100 per hour, deemed at a daily rate of \$800 per day, for services provided. Mr. Pitman is also entitled to receive a total of 50,000 Common Shares of the Company. Mr. Pitman is also entitled to receive options for Common Shares under the terms and conditions of the Plan and as determined by the Board. Subject to the obligations of Mr. Pitman to provide his services to the Company, Mr. Pitman is free to offer services to any other person or entity except where there may be a conflict of interest with the Company. Mr. Pitman is not obliged to present to the Company any ideas, geological concepts or properties of merit outside of the immediate area of the Company's projects. Mr. Pitman agreed not to disclose any confidential information of the Company at any time.

Option-based awards

The Company has no long-term incentive plans other than its stock option plan. The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the NEOs with shareholders by linking a component of executive compensation to the longer term performance of the Company's Common Shares.

Options are recommended by the Board. In monitoring or adjusting the option allotments, the Board takes into account the level of options granted for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the individual. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

Summary Compensation Table

The following table sets forth all direct and indirect compensation for, or in connection with, services provided to the Company for the financial year ended April 30, 2011 in respect of each NEO.

Name and Principal Position ⁽¹⁾	Year ⁽²⁾	Annual Compensation ⁽³⁾	Share-Based Awards ⁽⁴⁾	Option-Based Awards	Non-Equity Incentive Plan Compensation		Pension Value	All Other Compensation	Total Compensation
					Annual Incentive Plans	Long-term Incentive Plans			
Robin Dow CEO	2011	\$20,000	\$50,000	nil	nil	nil	nil	\$6,750 ⁽⁵⁾	\$76,750
Sabino Di Paola CFO	2011	\$8,480 ⁽⁶⁾	\$12,500	nil	nil	nil	nil	nil	\$20,980

(1) All of the officers of the Company are currently independent contractors and are therefore not salaried employees. The table above includes NEOs and does not include other executive officers of the Company, none of which earned total annual compensation in excess of \$150,000.

(2) Financial year ended April 30, 2011.

(3) Neither of the NEOs receives a salary. The Company has a consulting contract with Mr. Dow to provide executive management services to the Company. Under the terms of that contract Mr. Dow is paid up to \$5,000 per month, if and when available, in cash for management services. Mr. Di Paola has a consulting contract with the Company pursuant to which he bills the Company at a rate of \$100/hour when performing CFO functions.

(4) Common Shares to be issued post Offering.

(5) Directors' Fees.

(6) \$100/hour with a minimum of 250 hours.

Aside from the issuance of Options, the Company does not have any current intention to make any material changes to the compensation of its NEOs. As discussed above, the Company has the discretion to provide additional compensation to the NEOs if warranted, as determined on a case by case basis from time to time. There are currently no agreements or arrangements in place relating to any such additional compensation.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

There were no awards outstanding as at the date hereof for any of the named executive officers.

Incentive Plan Awards – Value Vested Or Earned During The Year

The Company has no long-term incentive plans other than its incentive stock option plan (the “Plan”).

Pension Plan Benefits

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

Termination and Change of Control Benefits

Apart from Mr. Dow’s entitlement under his consulting agreement to a \$60,000 severance payment should the Company terminate the agreement for any reason and Mr. Di Paola’s entitlement under his consulting agreement to 90 days of advance notice or compensation in lieu of notice equal to 1 month plus 2 weeks per year of completed service with the Company if the Company terminates the agreement without just cause, the Company has no contracts, agreements, plans or arrangements that provide for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, change in control of the company or change in a NEO’s responsibilities.

Director Compensation

The following table describes all amounts of compensation provided to the directors of the Company, who are each not also NEOs, for the year ended April 30, 2011.

Director Name⁽¹⁾	Fees Earned	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
G. Michael Newman	\$9,750	Nil	Nil	Nil	Nil	Nil	\$9,750
Larry Hoover	\$6,750	Nil	Nil	Nil	Nil	Nil	\$6,750
Robert Schellenberg	\$9,750	Nil	Nil	Nil	Nil	Nil	\$9,750

(1) Relevant disclosure has been provided in the *Summary Compensation Table* above, for directors who receive compensation for their services as a director who are also NEOs.

During the fiscal year ended April 30, 2011, directors fees were paid to the Directors of the Company as follows: a \$6,000 annual retainer per director and a \$500 per meeting fee (\$250 if by phone), with an extra \$3,000 per annum retainer for committee chairmen.

As discussed above, the Company has adopted the Plan for the purpose of granting incentive stock options to the directors, officers, employees and other eligible persons. The purpose of granting such options will be to assist the Company in compensating, attracting, retaining and motivating the directors of the Company and to closely align the personal interests of such persons to that of the shareholders. The maximum aggregate number of Common Shares that may be reserved for issuance under the Plan is 10% of the issued shares of the Company at the time that an option is granted.

Outstanding Share-Based Awards and Option-Based Awards to Directors

There were no awards outstanding as at the date hereof for any of the directors who are not also a NEO.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Company which is owing to the Company or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company and no associate of such persons:

(i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company; or

(ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or its subsidiaries,

whether in relation to a securities purchase program or other program or otherwise.

AUDIT COMMITTEE

The purpose of the Audit Committee is to assist the Board in its oversight of the quality and integrity of the accounting, auditing, reporting practices, systems of internal accounting and financial controls, the annual independent audit of the Company's financial statements, and the legal compliance and ethics programs of the Company as established by management.

Audit Committee Charter

The charter of the Audit Committee is attached hereto as Schedule "A".

Composition of Audit Committee

The Audit Committee of the Company consists of Robert Schellenberg (chair), Larry Hoover and Michael Newman. All three are considered independent. All three of the Audit Committee members are considered financially literate. "Independent" and "financially literate" have the meaning used in National Instrument 52-110 – Audit Committees ("NI -52-110") of the Canadian Securities Administrators.

Relevant Education and Experience

Each member of the Company's present Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular, the requisite education and experience that have provided the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
2. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
3. an understanding of internal controls and procedures for financial reporting.

Robert Schellenberg is a Certified Public Accountant and since 1989 has been a principal of the CPA firm Schellenberg & Evers in Grand Rapids, Michigan. Mr. Schellenberg's practice areas include estate planning, estate and gift taxation, valuations, financial planning, individual and corporate taxation and litigation support. Mr. Schellenberg has been a director of Cabo Drilling Corporation since December 2006, a director of Diamond Exploration Inc. from March 2007 and the chair of its audit committee from February 2009, and a director and the chair of the audit committee for Galahad Metals Inc. since October 2008.

Larry Hoover is an analytical chemist, who spent much of his career applying that knowledge in the field of environmental monitoring, exposures, and the toxicology of contaminants. For the past 15 years, Mr. Hoover has provided research and analytical support to major organizations on a contract basis. Over the last half decade, Mr. Hoover has focused primarily on consulting for junior mineral explorers, providing diverse services including research and analysis, report generation, investor relations, and fund-raising assistance. Through his past experience with corporate boards and audit committees and his experience as a private investor, Mr. Hoover has a solid understanding of accounting principles, an ability to assess the general applicability of accounting principles, and an ability to analyze and evaluate financial statements of similar complexity to the Corporation's financial statements. Mr. Hoover is also a Director and member of the audit committee for Galahad Metals Inc.

Michael Newman has been the Chief Executive Officer of Caldera Geothermal Inc. from February 2010 to March 2011, and remains on the board as a director. Mr. Newman has been Managing Director of Adevam Investments Inc. since July 1997, a director of Augen Capital Inc. since September 2010, and a director of Loyalist Group Inc. since December 2010. Mr. Newman held the position of President and Chief Executive Officer of InterRent REIT, a publicly listed company on the Toronto Stock Exchange, from September 1997 to September 30, 2009 and held the position of trustee of InterRent REIT from December 2006 to December 2009. Mr. Newman was a director of SKOR Food Group Inc. from August 1997 to May 2011. He also served as director of numerous public companies in the last ten years. Mr. Newman is also a Director and member of the audit committee for Galahad Metals Inc.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. It is noted that the Company was not a reporting issuer in any jurisdiction during the applicable time period.

Pre-Approval Policies and Procedures

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws, regulations and policies. The Audit Committee may delegate to one or members of the Audit Committee the authority to pre-approve non-audit services to be provided by the external auditors provided that any such approvals made by the designated individuals will be reported to the full Audit Committee at its next scheduled meeting.

External Auditor Service Fees

The aggregate fees billed by the Company's external auditors for the last fiscal year for audit fees are as follows:

Financial Year End	Audit Services⁽¹⁾	Audit Related Services⁽²⁾	Tax Services⁽³⁾	Other Services⁽⁴⁾
April 30, 2011	\$25,000 ⁽⁵⁾	Nil	Nil	Nil

- (1) Audit service fees were paid for professional services rendered by the auditors for audit of the financial statements including the services provided in connection with statutory and regulatory filings.
- (2) Fees charged for assurance and related services that are reasonably related to the performance of an audit, and not included under Audit Fees.

- (3) Fees charged for tax compliance, tax advice and tax planning services.
- (4) Fees for services other than disclosed in any other column.
- (5) Accrual for audit fees relating to audit of April 30, 2011 financial statements.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 - *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. NI 58-101 mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

Board of Directors

The Board of Directors is composed of four directors. All directors are elected annually. Form NI 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, where a company has a significant shareholder, NI 58-101 suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder. The Company's four directors are Robin Dow, Larry Hoover, Michael Newman and Robert Schellenberg. Larry Hoover, Michael Newman and Robert Schellenberg are independent directors within the meaning of NI 52-110 for both the Company and its parent company, Galahad Metals Inc.

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are however able to meet at any time without any members of management including the non-independent directors being present. Further supervision is performed through the audit committee which is composed entirely of independent directors who meet with the Company's auditors without management being in attendance. The independent directors exercise their responsibilities for independent oversight of management through their majority control of the Board.

The Board meets periodically throughout the year as frequently as required. In addition, the Board took numerous actions by written resolution from its inception to date.

Directorships

The following directors are also presently directors and officers of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

Name of Director	Name of Reporting Issuer	Market Traded On
Robin Dow	Galahad Metals Inc.	Exchange
Larry Hoover	Galahad Metals Inc.	Exchange
Michael Newman	Augen Capital Corp.	Exchange
	Augustine Ventures Inc.	n/a
	Capricorn Business Acquisitions Inc.	Exchange
	China Green Star Agricultural Corporation	Exchange
	Galahad Metals Inc.	Exchange
	Leo Acquisitions Corp.	Exchange

Name of Director	Name of Reporting Issuer	Market Traded On
Robert Schellenberg	Loyalist Group Limited Cabo Drilling Corp. Galahad Metals Inc.	Exchange Exchange Exchange

Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Company's business, its corporate strategy and current issues with the Company. New directors are also required to meet with management of the Company to discuss and better understand the Company's business and will be advised by counsel to the Company of their legal obligations as directors of the Company.

Currently, the introduction and education process will be reviewed on an annual basis and is revised accordingly. There is a technical presentation at Board meetings, focusing on the Company's principal property. The question and answer portions of these presentations are a valuable learning resource for the non-technical directors.

Expectations of Management and Ethical Business Conduct

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations and the small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the implementation of a formal Code of Business Conduct and Ethics will become necessary.

Nomination of Directors

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are expected to be generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current limited operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the mineral resource and business sectors. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Directors and Officers" for a description of the current principal occupations of the Company's directors.

Compensation

The Company has a Governance, Compensation and Nominating Committee that is responsible for determining all forms of compensation, including stock options, granted to the directors of the Company, and for reviewing recommendations respecting compensation, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Committee considers: i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value;

ii) providing fair and competitive compensation; iii) balancing the interests of management and the Company's shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

The Committee's process for determining compensation is done on a case by case basis and involves discussion by the Committee and the Board of the factors they deem relevant to each case. There are no formally defined objectives, benchmarks criteria and analysis that are used in all cases. The directors of the Company are entitled to receive options to acquire common shares of the Company in accordance with the terms and conditions of the Company's Plan when declared by the board of directors.

Other Board Committees

There are two permanent Board committees, the Audit Committee and the Governance, Compensation and Nominating Committee. The Board of Directors may also appoint other temporary or permanent committees from time to time for a particular purpose.

Audit Committee

Disclosure with respect to the Audit Committee is set above under the heading "Audit Committee".

Governance, Compensation and Nominating Committee

The Governance, Compensation and Nominating Committee assists the Board in carrying out its responsibilities relating to corporate governance and personnel matters, including performance, compensation, developing annual objectives against which to assess members of management including the President and CEO, reviewing and making recommendations to the Board with respect to employee and contractor compensation arrangements including stock options and management succession planning.

A part of each meeting is conducted without management present, including for the purpose of specifically discussing the compensation of the President and CEO. The members of the Governance, Compensation and Nominating Committee are Michael Newman (chair), Larry Hoover and Robert Schellenberg.

Assessments

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. The Board does not consider that formal assessments would be useful at this stage of the Company's development. Based on the Company's size, its stage of development and the number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time.

The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. The Board evaluates its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director's nomination.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement the Company proposes to sell, and the Agent has agreed to act as the Company's agent on a commercially reasonable efforts basis in respect of the sale of a minimum of 5,006,500 Units and a maximum of 10,000,000 Units at the Offering Price of \$0.30 per Unit for total minimum gross proceeds of \$1,501,950 and maximum gross proceeds of up to \$3,000,000. The Agent is not under any obligation to take up and pay for any of the Units.

The Company has also granted the Agent the "Over-Allotment Option" exercisable in whole or in part in the sole discretion of the Agent at any time up to 5:00 p.m. (Vancouver time) on the date that is 30 days following the Closing Date, solely to cover over-allotments, if any, and for market stabilization purposes, to purchase (i) up to an aggregate number of Over-Allotment Units equal to 15% of the number of Units sold under the Offering; (ii) up to an aggregate number of Additional Warrants equal to 15% of the number of Units sold under the Offering; or (iii) any combination of Over-Allotment Units and Additional Warrants so long as the aggregate number of additional

Common Shares does not exceed 1,500,000 and the aggregate number of additional Warrants does not exceed 1,500,000 (assuming completion of the Maximum Offering). The purchase price of each Over-Allotment Unit under the Over-Allotment Option will be equal to the Offering Price and the purchase price of each Additional Warrant under the Over-Allotment Option will be \$0.001 per Additional Warrant. See "Plan of Distribution". This Prospectus qualifies for distribution the Over-Allotment Option and the distribution of the Over-Allotment Units and Additional Warrants to be issued by the Company upon exercise of the Over-Allotment Option.

A purchaser who acquires any Over-Allotment Units or Additional Warrants acquires those securities under this Prospectus, regardless of whether the over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. References to "Units" in this Prospectus shall include the Over-Allotment Units, references to "Warrants" shall include the Additional Warrants and references to the "Offering" shall include the exercise of the Over-Allotment Option, as applicable in the context used.

The Agent may, prior to the closing of the Offering, over-allocate a number of Units, which may not exceed 1,500,000 Over-Allotment Units (assuming completion of the Maximum Offering), in order to hold a short position in such securities. This over-allocation position allows the Agent to engage in limited market stabilization to compensate for the increased liquidity in the market. If the market price of the Common Shares is below the Offering Price, the short position created by the over-allocation position in Units may be filled through purchases in the market or a combination of purchases in the market and exercise of the Over-Allotment Option, creating upward pressure on the price of the Common Shares. If the market price of the Common Shares is above the Offering Price, the over-allocation position in Units may be filled through the exercise of the Over-Allotment Option to purchase Units at the Offering Price or Additional Warrants at the Additional Warrant Price, as the case may be.

In consideration of the services provided by the Agent in connection with the Offering, the Company has agreed to:

1. pay the Agent the Agent's Commission, being a commission equal to 10% of the gross proceeds raised from the Offering payable, at the election of the Agent, in either cash or Commission Units or a combination thereof;
2. issue to the Agent the Compensation Options to acquire Compensation Option Shares in an amount equal to 10% of the number of Units sold pursuant to the Offering exercisable at a price of \$0.30 per Compensation Option Share for a period of years from the Closing Date;
3. pay to the Agent a Corporate Finance Fee of \$25,000 plus HST, of which \$12,500 plus HST has been advanced by the Company and is non-refundable, with the remaining \$12,500 plus HST, to be paid in cash on Closing; and
4. reimburse the Agent for all reasonable expenses incurred by the Agent in connection with the Offering, including the reasonable fees and disbursements of legal counsel, to the Agent towards which a deposit of \$20,000 has been paid by the Company.

The Agency Agreement provides that the obligations of the Agent may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated upon the occurrence of certain stated events. The Agent may also terminate the Agency Agreement if a receipt for the final prospectus is not issued within 120 days from the date of the Agency Agreement.

The Agency Agreement provides that the Company will not, directly or indirectly, issue, sell, offer, grant an option or right in respect of, or otherwise dispose of, or agree to, or announce any intention to, issue, sell, offer, grant and option or right in respect of, or otherwise dispose of, any additional Common Shares or any securities convertible or exchangeable into Common Shares of the Company, other than pursuant to the grant or exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to the Closing Date, until the date that is four months plus one day following the Closing Date, without the prior written consent of the Agent, such consent not to be unreasonably withheld.

The Agency Agreement also provides the Agent with a right whereby the Company agrees to notify the Agent of any further brokered equity financings (or securities convertible into equity) that it may propose to undertake within 12 months of the Closing Date, and the Agent will have a right of first refusal to act as the Company's agent in respect of such financings.

Subscriptions will be received for the Units offered hereby subject to rejection or acceptance by the Company in whole or in part, and the right is reserved to close the subscription books at any time, without notice. Upon rejection of a subscription, or in the event that the Offering is not completed within the term of the Agency Agreement or the time required by the rules of the applicable securities commissions, the subscription price and the subscription will be returned to the subscriber forthwith without interest or deduction.

The price of the Units and the terms of this Offering have been determined by negotiations between the Company and the Agent.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business to selling groups of other licensed dealers, brokers or investment dealers, who may or may not be offered part of the Agent's Commission or Compensation Options derived from this Offering.

The Offering is being made concurrently in the provinces of British Columbia, Alberta and Ontario. At the discretion of the Agent, certain of the Units may be offered to investors outside Canada, although in such circumstances, any such offering will only be made on the basis set out in the Agency Agreement.

Except as may otherwise be agreed by the Company and the Agent, a definitive certificate or certificates representing the Common Shares and Warrants to be issued to Canadian purchasers pursuant to the Offering will be issued in registered form to CDS & Co. ("CDS") or its nominee and will be deposited with CDS on the Closing Date. A Canadian purchaser of Units will receive only a customer confirmation or confirmations from a registered dealer who is a CDS participant and from or through which the Units are purchased. For all Units offered or sold to, or for the account or benefit of, persons in the United States or U.S. Persons, definitive certificates evidencing the Common Shares and Warrants will be registered in such name or names as the Agent may direct and will be available for delivery on the Closing Date.

The distribution under this Prospectus will remain open until such date as may be agreed upon by the Company and the Agent, but no later than the date that is 90 days after a receipt is issued by the principal regulator pursuant to NP 11-202 for the final Prospectus, unless an amendment to the final Prospectus is filed and the principal regulator has issued a receipt for the amendment, in which case the Offering must cease within 90 days after the date of the receipt for the amendment to the final Prospectus. Notwithstanding the above, the total period of the Offering must not end more than 180 days from the date of the initial receipt for the final Prospectus.

This Prospectus qualifies the distribution of the Common Shares, the Warrants, the Commission Unit Shares, the Commission Unit Warrants, the Compensation Options, the Over-Allotment Option and the Over-Allotment Units and Additional Warrants issuable thereunder.

Pursuant to NI 41-101, the aggregate Qualified Compensation Securities must not exceed 10% of the securities offered pursuant to this Prospectus, which in the case of this Offering is 1,001,300 securities (Minimum Offering) and 2,000,000 securities (based upon the issuance of 10,000,000 Common Shares and 10,000,000 Warrants and assuming all of 10,000,000 Units are sold under the Maximum Offering). For the purposes of the Offering, any combination of the following are Qualified Compensation Securities (within the aggregate amounts set forth above) and are qualified for distribution by this Prospectus: (a) 500,650 Compensation Options (Minimum Offering) and up to 1,000,000 Compensation Options (Maximum Offering); and (b) 500,650 Commission Unit Shares (Minimum Offering) and up to 1,000,000 Commission Unit Shares (Maximum Offering) and 500,650 Commission Unit Warrants (Minimum Offering) and up to 1,000,000 Commission Unit Warrants (Maximum Offering). To the extent that the Agent is entitled to receive securities as compensation exceeding 10% of the securities issued under the Offering, those securities exceeding the 10% threshold will not be Qualified Compensation Securities, will not be qualified for distribution under this Prospectus and will be subject to a hold period in accordance with applicable securities laws.

Other than as disclosed in this Prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or Company in connection with the Offering.

The directors, officers and other insiders of the Company may purchase Units from this Offering.

The Company has applied to have its Common Shares listed on the TSX Venture Exchange. The listing of its Common Shares will be conditional upon the Company fulfilling all listing requirements and conditions of the Exchange.

As at the date of the Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of America (excluding the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

The Agent has advised the Company that to the best of its knowledge and belief, the directors, officers, employees or contractors of the Agent, or any Associate or Affiliate of the foregoing, do not anticipate participating in the Offering.

The Units, the Common Shares, the Warrants and the Warrant Shares have not been and will not be registered under the 1933 Act or applicable state securities laws, and the Units, the Common Shares and the Warrants may not be offered, sold or delivered, directly or indirectly, to, or for the account or benefit of, persons in the United States or U.S. Persons, except in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws. The Agent has agreed that, except as permitted by the Agency Agreement and as expressly permitted by applicable United States federal and state securities laws, it will not offer or sell any of such securities to, or for the account or benefit of, persons in the United States or U.S. Persons. The Agency Agreement permits the Agent to offer such securities outside the United States to non-U.S. Persons to persons whom the Company will sell such securities directly in compliance with Regulation S under the 1933 Act. The Agency Agreement also enables the Agent, through its U.S. registered broker-dealer affiliate, to offer such securities to, or for the account or benefit of, persons in the United States and U.S. Persons to whom the Company will sell such securities directly where such persons are “accredited investors,” as such term is defined in Rule 501(a) of Regulation D under the 1933 Act, in compliance with Rule 506 of Regulation D under the 1933 Act and applicable state securities laws. This prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Units, the Common Shares or the Warrants to, or for the account or benefit of, persons in the United States or U.S. Persons. In addition, until 40 days after the commencement of the Offering, an offer or sale of such securities within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the 1933 Act, unless such offer or sale is made pursuant to an exemption from registration under the 1933 Act.

The Warrants will not be exercisable by or on behalf of a person in the United States or a U.S. Person, nor will certificates representing the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the 1933 Act and any applicable state securities laws is available and the Company has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Company; provided, however, that an “accredited investor,” as such term is defined in Rule 501(a) of Regulation D under the 1933 Act, at the time of exercise of the Warrants that purchased Units in the offering to, or for the account or benefit of, persons in the United States and U.S. Persons will not be required to deliver an opinion of counsel in connection with the exercise of Warrants that are a part of those Units.

The Common Shares, the Warrants and Warrant Shares issued to, or for the account or benefit of, persons in the United States or U.S. Persons will be “restricted securities” within the meaning of Rule 144(a)(3) of the 1933 Act. Certificates representing any securities that are offered, sold or issued to, or for the account or benefit of, persons in the United States or U.S. Persons will bear a legend to the effect that the securities represented thereby are not registered under the 1933 Act or any applicable state securities laws and may only be offered, sold, pledged or otherwise transferred pursuant to certain exemptions from the registration requirements of the 1933 Act and any applicable state securities laws.

Terms used and not defined in the three preceding paragraphs shall have the meanings ascribed thereto by Regulation S under the 1933 Act.

RISK FACTORS

The securities offered by this Prospectus must be considered speculative, generally because of the nature of the Company’s business. The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investment in the natural resource industry in general, and the exploration and development sector in particular, involves a great deal of risk and uncertainty. The Company is engaged in mineral exploration and related activities which, by their nature, are speculative due to the high-risk nature of the business and the present stage of the principal property. The Common Shares and Warrants should be

considered a highly speculative investment due to the nature of the Company's business. Prospective investors should carefully consider the risk factors set out below and the other information contained in this Prospectus, including the historical financial statements of the Company and the notes thereto, prior to making an investment in the Common Shares and Warrants. Such risk factors could materially affect the Company's future financial results and could cause actual results and events to differ materially from those described in forward-looking statements and forward-looking information relating to the Company or the business, property or financial results, any of which could cause investors to lose part or all of their investment in the Company.

Exploration Stage Company, No History of Earnings

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits, with the discovery of gold being the Company's focus. The Company's property interests are in the exploration stage only and are without a known economic mineral deposit. The Company has no history of earnings, and there is little likelihood that the Company will realize any profits in the short to medium term. The Company's property interests are in the exploration stage and there are no known commercial quantities of mineral reserves on the Company's property interests. There is no assurance that any of the Company's property interests will generate earnings, operate profitably or provide a return on investment in the future. The Company has not paid dividends in the past and has no plans to pay dividends for the foreseeable future. Any profitability in the future from the Company's business will be dependent upon locating an economic mineral deposit, which itself is subject to numerous risk factors. Further, there can be no assurance, even if an economic deposit of minerals is located, that any of the Company's property interests can be commercially mined. The exploration and development of mineral deposits involve a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration programs which may be affected by a number of factors. Substantial expenditures are required to establish reserves which are sufficient to commercially mine and to construct, complete and install mining and processing facilities in those properties that are actually mined and developed. The future dividend policy of the Company will be determined by its directors.

Stress in the Global Economy

Reduction in credit, combined with reduced economic activity and the fluctuations in the United States dollar, may adversely affect businesses and industries that purchase commodities, affecting commodity prices in more significant and unpredictable ways than the normal risks associated with commodity prices. The availability of services such as drilling contractors and geological service companies and/or the terms on which these services are provided may be adversely affected by the economic impact on the service providers. The adverse effects on the capital markets generally make the raising of capital by equity or debt financing much more difficult and the Company is dependent upon the capital markets to raise financing. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results and financial condition.

Current Global Financial Condition

Current global financial conditions have been subject to increased volatility. Access to financing has been negatively impacted by both sub-prime mortgages in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Company's cash; (ii) through companies that have payable to the Company; and (iii) through the Company's insurance providers. The Company is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility

and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Common Shares could be adversely affected.

Financing Risks

Additional funding will be required to complete future exploration programs on the Company's property or properties and to conduct any other exploration programs. If proposed exploration programs are successful, additional funds will be required for the development of any economic mineral body and to place it in commercial production. The only sources of future funds presently available to the Company are the sale of equity capital, the borrowing of funds or the offering by the Company of an interest in its property to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available, or will be available on terms favourable to the Company, or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders. In the event that the Maximum Offering is not obtained, the Company may elect to not proceed with the Phase II program on the Bottle Creek Property unless further funds are raised.

Failure to obtain additional financing on a timely basis could cause the Company to reduce, delay, indefinitely postpone or terminate exploration, development or production of the Company's property interests or other acquired properties.

Uncertainty of Acquiring Required Licences and Permits

The operations of the Company will require licenses and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations, and that it will be able to obtain in the future all necessary access agreements, licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain, in a timely manner and on terms acceptable to the Company, and maintain all licenses and permits required to undertake its proposed exploration and development or to place its property into commercial production and to operate mining facilities thereon. Any inability to obtain licenses or permits could potentially have a material adverse effect on the Company and its business. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

Liquidity Concerns and Additional Funding Requirements

The purpose of the present Offering is to raise funds to carry out exploration programs on the Bottle Creek Property. If the Company's exploration program is successful, additional funds will be required for the development of an economic ore body and to place it in commercial production (see "Bottle Creek Property – Recommendations"). The only source of future funds presently available to the Company is through the sale of equity capital. The only alternative for the financing of further exploration would be the offering by the Company of an interest in its property to be earned by another party or parties carrying out further exploration or development thereof, which is not presently contemplated. There is no assurance that such sources of financing will be available on acceptable terms, if at all.

Limited Business History

The Company has only recently commenced operations and has no operating earnings. The likelihood of success of the Company must be considered in light of the problems, expenses and difficulties, complications and delays frequently encountered in connection with the establishment of any business. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under applicable agreement. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be

favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interest of the Company with the possible dilution or loss of such interest. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. There is no assurance that the Company can operate profitably or that it will successfully implement its plans.

No Established Market

There is currently no market for the securities offered by the Company and there can be no assurance that an active market will develop or be sustained after the Offering. The lack of an active public market could have a material adverse effect on the price of the Company's common shares. The price of the Common Shares and the Commission was established by negotiation between the Company and the Agent, and may not be indicative of fair market value or future market prices. The market price of a publicly-traded stock is affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability of the attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of the common shares of the Company on the Exchange in the future cannot be predicted. The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Operating Loss

The Company operates at a loss and there is no assurance that the Company will ever be profitable.

Negative Operating Cash Flow

Since commencing its operations, the Company has had negative operating cash flow and incurred losses. The negative operating cash flow and losses are expected to continue for the foreseeable future. The Company may never achieve positive operating cash flow.

Exploration and Development

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The property that the Company currently has an interest in is in the exploration stage and is without a known deposit of commercial ore. Exploration for minerals is a speculative venture necessarily involving substantial risk. The program proposed by the Company is an exploratory search for ore. There is no certainty that the expenditures to be made by the Company in the acquisition and exploration of the interests described herein will result in discoveries of commercial quantities of ore. Development of the mineral property will only follow upon obtaining satisfactory exploration results, receipt of a positive feasibility study and access to adequate funding

Development of the Bottle Creek Property will only follow upon obtaining satisfactory exploration results. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of commercially viable deposits. Further, there can be no assurance that even if an economic deposit of minerals is located, that it can be commercially mined. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production.

Exploration and Mining Risks

Resource exploration, development, and operations are highly speculative and characterized by a number of significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate,

including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. While the discovery of a deposit may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Mining operations generally involve a high degree of risk. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to property, and possible environmental damage. An inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in extraction operations and the conduct of exploration programs. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, rock bursts, cave-ins, flooding, landslides, weather conditions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

The Company will rely upon consultants and others for exploration, development, construction and operating expertise. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. It is impossible to ensure that the current exploration and development programs planned by the Company will result in a profitable commercial operation. In addition, the Bottle Creek Property is located in an area which is subject to extremes of weather conditions. There are also physical risks to the exploration personnel. If the Company's property is found to have commercial quantities of ore, the Company would be subject to additional risks respecting any development and production activities

No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

The Company will carefully evaluate the political and economic environment in considering any properties for acquisition. There can be no assurance that additional significant restrictions will not be placed on the Bottle Creek Property or any other properties the Company may acquire or its operations. Such restrictions may have a material adverse effect on the Company's business and results of operation.

Property Interests

There is no guarantee the Company will be able to raise sufficient funding in the future to explore and develop its property so as to maintain its interests therein. If the Company loses or abandons its interest in its property, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

Underlying Option Agreement

The P&K Claims which comprise a part of the Bottle Creek Property are subject to the Underlying Option Agreement. GGE, and therefore BCE, has not yet earned a 100% beneficial interest in the P&K Claims, and there is a risk that if the payments due under the Underlying Option Agreement are not made, the Underlying Option will not be exercised and BCE will not earn in its rights to the P&K Claims. P&K can terminate the agreement if GGE fails to make any payment or performance under the agreement and fails to remedy such failure within 30 days notice.

Uncertainty of Estimates

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or

resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of the property in which the Company has an interest. In addition, there can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

Possible Volatility of Stock Price

Securities of exploration companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The Company's share price is likely to experience similar volatility and to be significantly affected by actual or anticipated variations in its respective results of operations, changes in financial estimates by securities analysts, liquidity of the Company's stock on any stock exchange, changes in metal prices, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may also adversely affect the market price of the Company's shares.

Title to Property

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many mining properties. Although the Company has investigated title to its mineral property, obtained title opinions with respect to its Bottle Creek Property, has taken reasonable measures to ensure proper title to its property and, to the best of its knowledge, title to its property is in good standing, there is no guarantee that title to any of its properties will not be challenged or impugned. The properties may be subject to prior unregistered agreements or transfers or alternative native claims and title may be affected by undetected defects. The Company has obtained the usual industry standard title report with respect to its Bottle Creek Property, however this should not be construed as a guarantee of title. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to and the area of mineral properties may be disputed. There is no guarantee of title to any of the Company's properties. The Company has not surveyed the boundaries of its property and consequently the boundaries may be disputed. Third parties may have valid claims underlying portions of the Company's interests.

Third Party Claims on the Bottle Creek Property

Title to, and the area of, resource claims may be disputed and additional amounts may be paid to surface rights owners in connection with any development of mining activity. Although the Company is satisfied, based on due diligence conducted by the Company, that its surface and mineral rights to the Bottle Creek Property are valid, there may be challenges, including Aboriginal land claims, on the Bottle Creek Property which, if successful, could impair exploration, development and/or future mining operations.

Management Dependence on Key Personnel, Contractors and Service Providers

Shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. While certain of the Company's officers and directors have experience in the exploration of mineral producing properties, the Company will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. There can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company. The Company does not maintain key-person insurance on the lives of any of its key personnel.

Competition

The mineral exploration and mining business is competitive in all of its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties. The ability of the Company to acquire properties in the future will depend not only on its ability to develop its present property, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. Significant capital

investment is required to achieve commercial production from successful exploration efforts. There is no assurance that the Company will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

Regulatory Risks

The current or future operations of the Company, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by various federal, provincial and local laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Company believes it is in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that the Company might undertake.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Exploration and development are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

Environmental Risks

The Company's operations are subject to environmental regulations in jurisdiction where it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with governmental regulations or any change therein impacts the profitability of operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

Uninsured or Uninsurable Risks

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Environmental liability may result from mining activities conducted by others prior to the Company's ownership of its property. To the extent the Company is subject to uninsured environmental liabilities, the payment of such liabilities would reduce funds otherwise available of the Company and could have a material adverse effect

on the Company. Should the Company be unable to fund fully the cost of remedying an environmental problem, the Company might be required to suspend operations or enter into interim compliance measures.

Mining operations generally involve a high degree of risk. Hazards, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological formations, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in exploration, development or mining, monetary losses and legal liability

The Company currently carries minimal insurance coverage and does not have insurance to adequately protect itself against certain risks associated with mineral exploration. The nature of the risks the Company faces in the conduct of its operations are such that liabilities could exceed policy limits in any insurance policy or could be excluded from coverage under an insurance policy. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position. Even if it were to obtain insurance, the Company will remain at risk and will be potentially subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium cost or other reasons.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Factors Beyond the Company's Control

Location of mineral deposits depends upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The exploration and development of mineral properties and the marketability of any minerals contained in such properties will also be affected by numerous factors beyond the control of the Company. These factors include availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Commodity Prices

The price of the Company's securities, its financial results and exploration, development and mining activities have previously been, or may in the future be, significantly adversely affected by declines in the price of precious or base minerals. Precious or base minerals prices fluctuate widely, can experience volatile and significant movements over short periods of time, and are affected by numerous factors beyond the Company's control such as international economic and political trends, the sale or purchase of precious or base metals by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand; production and consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The price of precious or base metals has fluctuated widely in recent years, and future serious price declines could cause continued development of the Company's properties to be impracticable.

Further, reserve calculations and life-of-mine plans using significantly precious or base minerals prices could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

The effect of these factors on the price of minerals, and therefore on the economic viability of the Company's properties, cannot accurately be predicted. As the Company is only at the exploration stage, it is not yet possible for it to adopt specific strategies for controlling the impact of fluctuations in the price of gold.

Currency Fluctuation

The Company's current exploration and property acquisition commitments are denominated primarily in United States dollars. The Company may in the future be exposed to foreign currency fluctuations which may materially affect its financial position and operating results.

Operating in a Foreign Jurisdiction

The Company operates in the United States of America and as a result is exposed to a level of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in a foreign country in which it operates may adversely affect business operations.

Conflicts of Interest

Directors of the Company will not be devoting all of their time to the affairs of the Company. Certain of the directors of the Company serve as directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Any decision made by such directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, in the event that such a conflict of interest arises at a Board of Directors meeting, a director who has such a conflict will declare, and abstain from voting on, any matter in which such directors may have a material conflict of interest. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In accordance with the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. Directors and officers of the Company with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Joint Venture Risks

The Bottle Creek Property is owned and run through a non-wholly owned subsidiary, in which the Company shares control. The Company may in the future enter into similar arrangements with other joint venture partners. There can be no assurance that the Company's joint venture partners will continue their relationships with the Company in the future or that the Company will be able to pursue its stated strategies with respect to its non wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. The Company is therefore subject to risks normally associated with joint ventures, including (a) the Company's potential inability to exert control over strategic decisions; (b) disagreements with joint venture partners on how to develop and operate projects; (c) the inability or unwillingness of joint venture partners to meet their obligations under such joint venture arrangements; (d) disagreements and litigation with joint venture partners regarding joint venture matters, each of which would have an adverse effect on the Company's interests and prospects. Furthermore, the joint venture partners may (a) have economic or business interests or goals that are inconsistent with those of the Company; (b) take actions contrary to the Company's policies or objectives; (c) undergo a change of control; or (d) experience financial and other difficulties, which may affect the Company's financial conditions or results of operations.

The Joint Venture Agreement governs the relationship between the Company and GGE with respect to the Bottle Creek Property for the purpose of exploring the Bottle Creek Property and, if deemed warranted, bringing it or a portion of it into commercial production by establishing and operating a mine. The Company is currently the

operator of the Bottle Creek Property pursuant to the terms of the Joint Venture Agreement, and GG has been delegated to manage the exploration programmes. The parties agreed to bear all costs and liabilities associated with the agreement, and to own the property, the assets and any mine, in proportion to their respective interests, which are currently 40% for GG and 60% for the Company. If a party chooses not to contribute its share of approved exploration expenditures, its percentage interest shall be reduced accordingly. If a party's interest is reduced to less than 15%, it is deemed to have assigned its interest to the other party and in return is granted a 10% net proceeds of production royalty, subject to adjustment. If a party chooses not to contribute its share of approved construction expenditures, its percentage interest shall be reduced accordingly, and at the completion date it is deemed to have assigned its interest to the other party and in return is granted a royalty percentage of the net proceeds of production which is equivalent to its interest as at the completion date, unless its interest is reduced to less than one percent in which case it forfeits its interest to the other party. If a party does not pay its share of construction costs or operating costs, the operator is entitled to take possession of all or any part of such party's interest, and to sell such interest, in which case the other party shall have a right of first refusal.

From time to time, a party may dispute the other party's compliance with the terms and conditions of the Joint Venture Agreement, in particular as it relates to the contribution of approved exploration expenses and the process related thereto. To the extent that the parties are unable to resolve any such dispute in the Company's favour, the Company's interest in BCE may be diluted, which could have a material adverse effect on the Company, its business and its financial performance.

In August 2011, the Company received a letter from GGE's counsel indicating that notice had not been received from the Company regarding the Company's commitment to contribute its proportionate share of the 2011 exploration program that was approved in April 2011, a consequence of which is that under the terms of the Joint Venture Agreement, the Company is deemed to have elected to not contribute to such exploration program. The Company, through its counsel, has formally responded and advised GGE that notice of the Company's commitment to contribute its proportionate share of the 2011 exploration program was in fact provided and that the Company is ready, willing and able to make its contribution to BCE as soon as GGE confirms that it has funded GGE's proportionate share of the 2011 exploration program. The Company is confident that this matter will be resolved between the parties in short order; however, should the matter turn into a dispute which is ultimately not resolved in the Company's favour, the Company's interest in BCE may be diluted, which could have a material adverse effect on the Company's business and financial condition.

Discretion Regarding Use of the Proceeds of this Offering

The Company currently intends to allocate the net proceeds of this Offering as described above under "Use of Proceeds". However, the Company's management will have discretion in the actual application of the net proceeds. The Company may elect to allocate proceeds differently than as described in "Use of Proceeds" if management believes it would be in the Company's best interests to do so. The failure by the Company's management to apply these funds effectively could have a material adverse effect on the Company, its business or its financial performance.

PROMOTERS

Galahad Metals Inc. may be considered to be the Promoter of the Company in that it took the initiative in organizing and advancing the business of the Company. The number and percentage of securities of the Company beneficially owned, or controlled or directed, directly or indirectly, by Galahad Metals Inc. is presented above under the heading "*Principal Securityholders*". The nature and amount of anything of value, including money, property, contracts, options or rights of any kind to be received by Galahad Metals Inc. directly or indirectly from the Company, and the nature and amount of any assets, services or other consideration received or to be received by the Company from Galahad Metals Inc. is presented above under the headings "*Description of the Business – Three Year History*", and "*Selected Financial Information and Management's Discussion and Analysis – Related Parties Transactions*".

LEGAL PROCEEDINGS

There are no legal proceedings material to the Company that the Company is or was a party to, or that any of its property is or was the subject of, since its inception. In addition, the Company is not currently aware of any such legal proceedings being contemplated.

Regulatory Actions

From incorporation of the Company to the date of this Prospectus, there have been no:

- (i) penalties or sanctions imposed against the Company by a court relating to provincial and territorial securities legislation or by a securities regulatory authority;
- (ii) other penalties or sanctions imposed by a court or regulatory body against the Company necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the securities being distributed; and
- (iii) settlement agreements the Company entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except for the transfer of the Bottle Creek interests to the Company, as described above in “*Description of the Business – Three Year History – History of Bottle Creek Claims*”, no person that is:

- (i) a director or executive officer of the Company;
- (ii) a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Company’s outstanding voting securities; and
- (iii) an associate or affiliate of any of the persons or companies referred to in paragraphs (i) or (ii),

has had any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Company.

RELATIONSHIP BETWEEN THE COMPANY AND THE AGENT

The Company is neither a “connected issuer” nor a “related issuer” of the Agent as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*.

AUDITORS

The Auditor for the Company is BDO Canada LLP, 200 Bay Street, 33rd Floor, Toronto, Ontario, M5J 2J8, Canada.

TRANSFER AGENTS AND REGISTRAR

The transfer agent and registrar for the Common Shares and Warrants is Capital Transfer Agency Inc. at its principal offices in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts entered into by the Company:

1. Joint Venture Agreement between the Company and Golden Gryphon Explorations Inc., as amended by the August 16, 2010 letter agreement. See “Description of the Business - Bottle Creek Joint Venture Agreements - Joint Venture Agreement”.
2. Operating Agreement of Bottle Creek Exploration LLC between the Company and Golden Gryphon USA, Inc. See “Description of the Business - Bottle Creek Joint Venture Agreements - Operating Agreement”.
3. Agency Agreement between the Company and the Agent. See “Plan of Distribution”.

In addition, the Company will, prior to the close of the Offering, enter into the Escrow Agreement with the Escrow Agent and certain principals and shareholders. See “Escrowed Securities”.

Copies of all material contracts will be available for inspection without charge at the head office of the Company located at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3, during normal business hours while distribution of the securities offered hereunder is in progress, and for a period of 30 days thereafter. The material contracts will also be available on the SEDAR website (www.sedar.com) upon the issuance of the final receipt for this Prospectus.

EXPERTS

Certain legal matters relating to the Offering will be passed upon by Gowling Lafleur Henderson LLP, counsel to the Company and by Miller Thomson LLP, on behalf of the Agent. As at the date hereof, the Company is advised that the designated professionals (as such term is defined in Form 51-102F1 - *Annual Information Form*), as a group, of each of Gowling Lafleur Henderson LLP and Miller Thomson LLP beneficially own, directly or indirectly, less than one percent of the outstanding Shares.

BDO Canada LLP, auditors of the Company, prepared the audit reports on the Company’s audited financial statements included in and forming part of this Prospectus. BDO Canada LLP reports that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

The Technical Report along with the accompanying certificates of qualified persons and consent of qualified persons have been prepared by Peter A. Christopher and George Cavey, who are each an independent Qualified Person. Based on information provided by such individuals, neither has any registered or beneficial interest in any securities or other property of the Company or of an associated party or an affiliate of the Company.

OTHER MATERIAL FACTS

Other than as disclosed in this Prospectus, there are no other material facts about the securities being distributed pursuant to this Offering that are not disclosed under any other items and are necessary in order for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Common Shares and Warrants to be distributed.

RIGHT OF WITHDRAWAL AND RESCISSION

Securities legislation in the Provinces of British Columbia, Alberta and Ontario provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

SIGNIFICANT ACQUISITIONS

The Company acquired its interest in the Bottle Creek Claims on March 25, 2011 from its parent company, Galahad Metals Inc., in exchange for 8,838,938 common shares of the Company at a deemed price of \$0.50 per share, later adjusted to a deemed price of \$0.25 per share. For a description of the Bottle Creek Claims, please see “Description of the Business – Bottle Creek Property”.

SCHEDULE A - AUDIT COMMITTEE CHARTER

The purpose of the Audit Committee shall be to assist the Board in its oversight of the integrity of the financial statements of the Company, of the Company's compliance with legal and regulatory requirements, of the independence and qualification of the independent auditors, and of the performance of the Company's internal audit function and independent auditors.

CHAIR

The Board appoints or re-appoints the Chair of the Committee annually when it completes the appointments for all Board committee members following the Annual General Meeting of shareholders. In selecting the Chair, the Board takes into consideration those directors who bring background skills and experience relevant to financial statement review and analysis. The Chair shall also be "financially literate" as such term is defined under applicable Canadian regulatory requirements.

The Chair shall provide leadership to Committee members in fulfilling the mandate set out in these terms of reference. He or she shall work with the Chief Executive Officer and the Chairman of the Board in planning Committee meetings and agendas. The Chair of the Committee reports to the Board on behalf of the Committee on the matters and issues covered or determined at each Committee meeting.

RESPONSIBILITIES

In assisting the Board in fulfilling its responsibilities relating to the Company's corporate accounting and reporting practices the Audit Committee shall:

1. review and discuss with management and the independent auditors the annual audited financial statements, the quarterly financial statements, Management's Discussion and Analysis accompanying such financial statements and any other matter required to be reviewed under applicable legal, regulatory or stock exchange requirements, and report thereon to the Board;
2. review the results of the external audits and any changes in accounting practices or policies and the financial statement impact thereof;
3. review the terms of engagement and audit plans of the external auditors and determine through discussion with the auditors that no restrictions were placed by management on the scope of their examination or on its implementation;
4. assess management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting system within the Company;
5. recommend to the Board a firm of independent auditors for appointment by the shareholders and report to the Board on the fees and expenses of such auditors. The Committee shall have the authority and responsibility to select, evaluate and if necessary replace the independent auditors.

The Committee shall have the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit service provided to the Company by the Company's independent auditors and consider the impact on the independence of the auditors;

6. enquire into and report regularly to the Board, with associated recommendations, on any matter referred to the Committee;
7. discuss with management and the independent auditors, as appropriate, earnings press releases and any financial information and earnings guidance provided to analysts and rating agencies;
8. discuss with management and the independent auditors, as appropriate, any audit problems or difficulties and management's response, and the Company's risk assessment and risk management policies, including the Company's major financial risk exposure and steps taken by management to monitor and mitigate such exposure;

9. obtain and review at least annually a formal written report from the independent auditors delineating the auditing firm's procedures for reviewing internal controls and any material issues raised by (i) the auditing firm's internal quality-control reviews, (ii) peer reviews of the firm, or (iii) any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review at least annually all relationships between the independent auditors and the Company;
10. prepare and publish an annual Committee report in the Company's proxy circular;
11. conduct an annual self-evaluation in respect of the effectiveness of the Committee;
12. set clear hiring policies for employees or former employees of the independent auditors; and
13. establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee shall hold *in camera* sessions without members of management as frequently as is determined necessary by the Committee members.

The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall meet separately with the Company's independent auditors at least on an annual basis and more often as determined necessary by the Committee members.

The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

Committee Composition

Three or more members, of which the majority shall be independent directors. All members shall have sufficient financial experience, financial literacy and ability to enable them to discharge their responsibilities.

Quorum

Majority of members.

FINANCIAL STATEMENTS OF RED ORE GOLD INC.

Red Ore Gold Inc.

Consolidated Financial Statements

April 30, 2011

(expressed in Canadian dollars)

Red Ore Gold Inc.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared by Management in accordance with the accounting policies disclosed in the notes to these financial statements on behalf of the Board of Directors. Where necessary, Management has made informed judgments and estimates in accounting transactions that were not complete on the date the balance sheet was prepared. It is Management's opinion that the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial reporting Standard 1.

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 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 consolidated financial statements, including additional financial information of the Company. The Audit Committee reports its findings to the Board of Directors for their consideration in approving the audited consolidated financial statements together with other financial information, of the Company for issuance to shareholders.

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

signed "Robin Dow"
Robin Dow
Chief Executive Officer
Ottawa, Ontario
June XX, 2011

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



Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
Royal Bank Plaza, South Tower
200 Bay Street, 33rd Floor, PO Box 32
Toronto ON M5J 2J8 Canada

Independent Auditor's Report

To the Shareholders of Red Ore Gold Inc.

We have audited the accompanying consolidated financial statements of Red Ore Gold Inc., which comprise the consolidated statement of financial position as at April 30, 2011, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flow for the period from January 13, 2011 to April 30, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Red Ore Gold Inc. as at April 30, 2011, and its results of operations and its cash flows for the period from January 13, 2011 to April 30, 2011, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of \$521,216 during the period from January 13, 2011 to April 30, 2011 and, as of that date the existence of economically recoverable minerals reserves has not been established. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
June 30, 2011

Red Ore Gold Inc.
Consolidated Statement of Financial Position

(expressed in Canadian dollars)

	Notes	April 30 2011
Assets		
Current assets:		
Cash	4	\$ 457,081
Accounts receivable	5	17,615
Prepaid expenses		361
Total current assets		<u>475,057</u>
Reclamation bond	7	17,847
Total non current assets		<u>17,847</u>
Total assets		<u><u>\$ 492,904</u></u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	8	\$ 214,517
Due to parent company	9	214,872
Total current liabilities		<u>429,389</u>
Shareholders' equity		
Share capital	10	12,542
Shares to be issued	11	542,500
Accumulated other comprehensive income		1,296
Accumulated deficit		(477,935)
Equity attributable to the owners of the Company		<u>78,403</u>
Non-controlling interest in subsidiary	19	(14,888)
Total shareholders' equity		<u>63,515</u>
Total liabilities and shareholders' equity		<u><u>\$ 492,904</u></u>
Contingencies and commitments	20	
Nature of operations and going concern	1	

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

Approved by the Board of Directors:

signed "Robin Dow"

Director

signed "Robert Schellenberg"

Director

Red Ore Gold Inc.
Consolidated Statement of Comprehensive Loss

(expressed in Canadian dollars)

	Notes	Period ending April 30 2011
Expenses		
Management & Directors fees	16	\$ 53,000
Promotion & Investor Conference		17,467
Regulatory, exchange, AGM, press release and transfer agent fees		350
Professional fees		133,265
Exploration and evaluation expenditures		216,285
Compensation shares	16	85,000
General and administrative	14	14,818
		<u>(520,185)</u>
Other expenses		
Finance costs		(278)
Foreign exchange loss		(753)
		<u>(1,031)</u>
Net loss for the period		<u>\$ (521,216)</u>
Other Comprehensive loss:		
Foreign currency translation adjustment		<u>\$ 2,160</u>
Total Comprehensive loss for the period		<u>\$ (519,056)</u>
Net loss attributable to:		
Owners of the company		\$ (477,935)
Non-controlling interest		(43,281)
Net loss for the period		<u>\$ (521,216)</u>
Total Comprehensive loss attributable to:		
Owners of the company		\$ (475,775)
Non-controlling interest	19	(43,281)
Total Comprehensive loss		<u>\$ (519,056)</u>
Earnings per share		
Loss per common share:		
Basic and diluted	15	<u>\$ (0.15)</u>
Weighted average number of common shares outstanding:		
Basic and diluted		<u>3,270,859</u>
Nature of operations and going concern	1	

The notes to the audited 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)

	Notes	Share Capital	Accumulated Other Comprehensive Income	Deficit	Attributable to parent	Non-controlling interest	Total
Balance at 13 January 2011		-	-	-	-	-	-
Loss for the period		-	-	(521,216)	(477,935)	(43,281)	(521,216)
Cumulative translation adjustment		-	2,160	-	1,296	864	2,160
Share issued upon incorporation		1	-	-	1	-	1
Share capital issued	10	12,541	-	-	12,541	-	12,541
Shares to be issued	11	542,500	-	-	542,500	-	542,500
Additional contribution by non-controlling interest		-	-	-	-	27,529	27,529
Balance at 30 April 2011		555,042	2,160	(521,216)	78,403	(14,888)	63,515
Nature of operations and going concern	1						

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

Red Ore Gold Inc. Consolidated Statement of Cash Flow

(expressed in Canadian dollars)

	Notes	Period ending April 30 2011 \$
Cash flow from operating activities		
Net loss for the period		\$ (521,216)
Adjustments to reconcile loss to net cash used in operating activities:		
Unrealized foreign exchange		4,159
Finance cost		278
Common shares issued as compensation	16	85,000
Change in non-cash working capital balances:		
Accounts receivable		(16,662)
Prepaid expenses		(361)
Reclamation bond		603
Accounts payable and accrued liabilities		<u>192,645</u>
Cash generated from operations		(255,554)
Income tax paid		<u>-</u>
Total cash (outflows) from operating activities		<u>\$ (255,554)</u>
Cash flows from investing activities		
Net cash acquired on acquisition of subsidiary	3	<u>23,372</u>
Total cash inflows from investing activities		<u>\$ 23,372</u>
Cash flows from financing activities		
Proceeds from share issuance	10	\$ 1
Shares to be issued	11	457,500
Due to parent company	9	214,871
Contribution by non-controlling interest		19,168
Finance cost		<u>(278)</u>
Total cash inflows from financing activities		<u>\$ 691,262</u>
Effect of foreign exchange on cash		\$ (1,999)
Total increase in cash during the period		\$ 457,081
Cash and cash equivalents - Beginning of period		<u>-</u>
Cash and cash equivalents - End of period		<u>\$ 457,081</u>

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

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

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. Red Ore is a subsidiary of Galahad Metals Inc.

Red Ore is a junior mining company engaged in the identification, acquisition, evaluation and exploration of precious and base metals with mineral properties currently in the United States. At the date of these 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 primary office is located at 3643 Marine Drive, West Vancouver, British Columbia, V7V 1N3 with the operating office located at #6-3791 St Joseph Blvd, Orleans, Ontario, Canada, K1C1T1

Red Ore has a 60% interest in Bottle Creek Exploration LLC (the "subsidiary" or "BCE").

The consolidated financial statements were approved by the Board of Directors on June 30, 2011.

Going concern

These consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern which assumes that the Company will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several conditions cast substantial doubt on the validity of this assumption. From inception to date, the Company has incurred losses from operations and has had negative cash flow from operating activities. As at April 30, 2011, the Company had total cash and cash equivalents of \$ 457,081 of which \$ 18,513 is to be used for exploration in BCE (see note 4). The Company requires additional funding to be able to further its existing exploration projects and to meet ongoing requirements for general operations. The recovery of costs incurred to date on mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of its properties and generation of profitable operations in the future, or proceeds from disposition of the properties and deferred exploration expenditures.

While management has been successful in obtaining sufficient funding for its operating, capital and exploration requirements from the inception of the Company to date there is, however, no assurance that additional funding will be available to the Company, or that, when it is required it will be available on terms which are acceptable to management.

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. Significant accounting policies

Basis of accounting

Red Ore Gold Inc. and its subsidiary are presenting audited consolidated financial statements as of and for the period ended April 30, 2011.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"). The financial information is prepared under the historical cost convention and in accordance with the recognition and measurement principles contained within IFRSs.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

Statement of Compliance with International Financial Reporting Standards (“IFRS”)

These are the Company's first IFRS audited consolidated financial statements to be presented in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) for the period ending April 30, 2011.

Basis of Consolidation

The Company's financial statements consolidate those of the parent company and its US subsidiary as at April 30, 2011. BCE has a reporting date of April 30, 2011.

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

Use of estimates

The preparation of the consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

These audited consolidated financial statements include estimates that, by their nature, are uncertain. The impact of such estimates is pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant estimates about the future that management has used in the preparation of these consolidated financial statements that could result in a material adjustment to the carrying amount of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of accounts receivable that are included in the consolidated statement of financial position;
- The provision for income tax and the composition of future income tax assets and liabilities in the consolidated statement of financial position;
- Management assumption of no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed during this reporting period;
- Managements assumption that activities relating to its exploration and evaluation properties have not yet reached a stage where the Company's activities permits a reasonable assessment of reserves, and therefore all exploration and evaluation expenditures incurred during this reporting period are reflected in consolidated statement of comprehensive income/loss;
- The impairment of assets that are included in the consolidated statement of financial position;
- 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.

Cash

Cash in the statement of consolidated financial position comprise 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.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

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 group 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.

Mining properties options agreements

From time to time, the Company may acquire or dispose of mining properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded in the consolidated statement of financial position. Option payments are recorded as mining properties costs or recoveries when the payments are made or received.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars (“\$” or “C\$”), which is the functional and presentation currency for Red Ore. The functional for Bottle Creek Exploration LLC is the United States dollar (“US\$”).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive loss.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction and are not retranslated.

In the Company’s consolidated financial statements, all assets and liabilities of its subsidiary are translated at the yearend exchange rate into Canadian dollars upon consolidation. Income and expenditure amounts are translated into Canadian dollars at the average exchange rate for the year. All exchange differences arising from the translation into the reporting currency are recorded in the cumulative translation account as part of other comprehensive income in the statement of comprehensive loss.

Segment reporting

In identifying its operating segments, management generally follows the geographical location of the Company’s projects, which represents the main zones in which the Company has operations.

The activities undertaken by all of the operating segments are exploration and evaluation of mineral resources. Each of these operating segments is managed separately as each of these segments requires resources allocated specifically to the projects as well as different marketing approaches for potential joint ventures and financings.

Corporate assets, liabilities as well as profit and loss which are not directly attributable to the business activities of any operating segment are not allocated to a segment. In the financial periods under review, this primarily applies to the Company’s head office in Ottawa.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Timing or the amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Any reimbursement that the company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However the asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are not recognized for future operating losses.

Restoration, rehabilitation and environmental obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development and ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of each asset, as soon as the obligations to incur such costs arise. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The costs are charged against the profit and loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight line method as appropriate.

The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount of timing of the underlying cash flows needed to settle the obligation.

Costs of restoration of subsequent site damage that is created by the ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses

The Company had no material provisions as at April 30, 2011.

Equity reserves

Share capital represents the nominal value of the shares issued.

Contributed Surplus includes any stock option credits and other share based remuneration issued to directors, officers and contractors.

Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefit.

Accumulated comprehensive income includes all transactions recorded in other comprehensive income/loss on an accumulated basis.

Non-controlling interest includes the portion of the consolidated loss attributable to the non controlling interest of the Company's subsidiary.

Deficit includes all current and prior period losses.

Warrants

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

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

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 the statement of comprehensive loss 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, unless they are related to the issuance of shares. Amounts 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 of the equity instruments issued is measured by the use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based options 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.

Income taxes

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

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 period 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.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

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 period.

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 within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity, available for sale, or held for trading as appropriate. The Company determines the classification of its financial asset at the initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

Purchases or sales of financial assets that require the delivery of assets within a time frame established by regulation or convention in the marketplace are recognized on the trade date.

The company's financial assets include cash and accounts receivables.

Subsequent measurement

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss includes financial assets held for trading, and financial assets designated upon initial recognition at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance cost in the statement of comprehensive income.

The company has designated cash upon initial recognition as at fair value through profit or loss.

b) 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.

The company has designated accounts receivable as loans and receivables.

Derecognition

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

The rights to receive cash flows from the asset have expired; and

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

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

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

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 assesses individually whether objective evidence of impairment exists individually for financial assets which are individually significant, or collectively for financial assets which are not individually significantly. 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 within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or as loans and borrowings. The company determines the classification of its financial liabilities at the initial recognition, as appropriate.

All financial liabilities are measured at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The company's financial liabilities includes accounts payable and accrued liabilities and amounts due to the parent company.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

a) Loans and borrowings

After initial recognition loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when a financial liability is derecognized, as well as through the amortization process. Amortization process is calculated by taking into account any discount or premium paid on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included in finance costs in the statement of comprehensive income.

The company has designated accounts payable and accrued liabilities and amounts due to the parent company as loans and borrowings.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

2. Significant accounting policies – (continued)

Derecognition

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

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

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

- Level 1 – valuation based on quoted market prices in active markets for identical assets and liabilities.
- Level 2 – valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data.

Cash, recognized in the consolidated statement of financial position at fair value, is classified following level 1.

Standards, Amendments and Interpretations Not Yet Effective

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2011 and have not been early adopted:

1) IFRS 7, Financial Instruments: Disclosures, amendments regarding Disclosures — Transfers of Financial Assets:

The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for:

- financial assets that are not derecognised in their entirety; and
- financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

The amendments are effective for annual periods beginning on or after 1 July 2011. The Group is currently evaluating the impact that the application of the new standard may have on the presentation of its financial position and results of operations.

2) IFRS 9, Financial Instruments:

This amendment addresses the classification and measurement of financial assets. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. 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 guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Application of IFRS 9 is mandatory for annual periods beginning on or after January 1, 2013. The Group is currently evaluating the impact that the application of the new standard may have on the presentation of its financial position and results of operations.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. Acquisition

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

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

Net Assets acquired

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

The carrying value of the assets acquired has been capitalized to the shareholders' equity of the Company as the value of the 8,838,938 shares issued to Galahad Metals Inc. in the amount of \$12,541 (Note 10)

4. Cash position

	As at April 30, 2011
Cash	<u>\$ 438,568</u>
Cash to be used in the Bottle Creek exploration	18,513
Total Cash	<u>\$ 457,081</u>

Cash earns interest at floating rates based on the daily bank deposit rates.

As at April 30, 2011, US\$114,528 was included in the cash and cash equivalents of the Company. This amount has been translated into C\$ at using the closing exchange rate on April 29, 2011. As at April 30, 2011, US\$19,496 was held by Bottle Creek Exploration LLC to be used towards the advancement of exploration and evaluation of the Bottle Creek property.

5. Accounts receivable

	As at April 30, 2011
Sales tax receivable	<u>\$ 16,694</u>
Other receivables	921
Total accounts receivable	<u>\$ 17,615</u>

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

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

6. Deferred exploration and evaluation expenditures – mineral acquisition costs

Bottle Creek

Bottle Creek Exploration LLC the company's 60% owned subsidiary holds a 100% interest in the Bottle Creek epithermal gold-silver property in Humboldt County, Nevada. The Bottle Creek Property consists of 938 unpatented, contiguous Federal lode mining claims, covering an area of 78.4km² (7,842 hectares or 19,379 acres) in Humboldt County, Nevada. The claims are subject to a 1% NSR.

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

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 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.

The terms of the LOI calls for ROG to enter into a definitive Option Lease Agreement within 60 days to acquire 100% of the mineral exploration and development rights on the property subject to a net smelter royalty (NSR). There are no work commitments in the deal. The terms of the advance production royalty payments start with US\$10,000 on signing the LOI plus US\$10,000 on signing the Lease Agreement, US\$20,000 at the end of year one, US\$30,000 at the end of year two, US\$50,000 at the end of year three, US\$100,000 at the end of year four and US\$200,000 at the end of year five and thereafter for a total of 20 years renewable in 20 year increments. GRC retains a 5% NSR which shall be subject to a buy-down clause in favour of ROG 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.

At April 30, 2011 the Company has incurred cumulative exploration and evaluation expenditures of \$ **10,000** on this project. As at April 30, 2011 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 sign a lease agreement in the summer of 2011 and commence initial exploration shortly afterwards.

7. Reclamation Bond

On February 4, 2011 Bottle Creek Exploration LLC, a 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.

Red Ore Gold Inc.
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8. Accounts payable and other liabilities

Accounts payable and other liabilities aged analysis:

	Accounts payable and other liabilities as at April 30, 2011
Not more than 3 months	\$ 214,517
More than 3 months but not more than 6 months	-
More than 6 months but not more than 1 year	-
More than 1 year	-
Total	\$ 214,517

Terms and conditions of the above financial liabilities:

- 1) Trade payables and accrued liabilities are non-interest bearing and are normally settled on 30 to 60 day terms.
 - 2) Included in the accounts payable and accrued liabilities are \$53,000 accrued to Directors and Officers as retainers and management fees.
-

9. Due to parent company

As at April 30, 2011, the Company has a balance of **\$ 214,872** owing to Galahad Metals Inc. its parent company for advances made to fund start-up costs, initial IPO costs as well as advances for the exploration and evaluation of its Bottle Creek and Ryepatch properties. The advances are non interest bearing with no set terms of repayment.

10. 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.

The following is a summary of changes in common share capital from January 13, 2011 (date of incorporation) to April 30, 2011:

Issued

	Common Shares	Period ended April 30, 2011	
		Issue price	Amount
Balance, beginning of period	-		\$ -
Common share issued on incorporation	1	\$ 1.00	1
Common shares held in escrow	8,838,938	\$ 0.0014	12,541
Balance, end of period	8,838,939		\$ 12,542

Red Ore Gold Inc.
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10. Share capital and reserves – (continued)

Share held in escrow

As of April 30, 2011 the number of common shares held in escrow is 8,838,939. 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)	0% of the escrow securities
6 months after the listing date (1,325,841 common shares)	15% of the remaining escrow securities
12 months after the listing date (1,325,841 common shares)	15% of the remaining escrow securities
18 months after the listing date (1,325,841 common shares)	15% of the remaining escrow securities
24 months after the listing date (1,325,841 common shares)	15% of the remaining escrow securities
30 months after the listing date (1,767,787 common shares)	20% of the remaining escrow securities
36 months after the listing date (1,767,787 common shares)	The remaining escrow securities

b) Preferred shares

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

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No preferred shares have been issued since the Company's inception.

Share issuances

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

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

c) Contributed surplus

Amounts recorded in contributed surplus relate to the fair value of the stock options and compensation options.

d) Warrants

As at April 30, 2011, the Company had a total of 935,000 common share warrants to be issued as part of the units to be issued. The following is a summary of changes in warrants from January 13, 2011 to April 30, 2011

	Number of Warrants	Dollar value if Exercised
Balance at January 13, 2011	-	\$ -
Warrants to be issued	935,000	701,250
Balance April 30, 2011 (to be issued)	935,000	\$ 701,250

As at April 30, 2011, the Company had warrants to be issued as follows:

Number of warrants	Exercise price	Expiry
935,000	\$ 0.75	April 30, 2013

Red Ore Gold Inc.

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11. Common shares to be issued

On January 13, 2011 the Board of Directors approved compensation common shares be issued to the Chief Executive Officer, the Chief Financial Officer, and the Comptroller. The Company will issue the 145,000 common shares with an estimated value of \$0.50 per common share once it has completed its IPO. There were no warrants associated with the common shares.

On April 15, 2011 the Board of Directors approved compensation common shares be issued to the President. The Company will issue the 25,000 common shares with an estimated value of \$0.50 per common share once it has completed its IPO. There were no warrants associated with the common shares.

As of April 30, the Company will issue 935,000 units to investors at a price of \$0.50 per unit for gross proceeds of \$457,500 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each Warrant entitles the holder thereof to acquire one common share of the Company at a price of \$0.75 per common share exercisable on or before April 30, 2013. These shares were subsequently issued in May 2011 (Refer to note 21).

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.

The Company records a charge to the consolidated statement of loss using the Black-Scholes fair valuation option pricing model. The valuation is dependent on a number of estimates, including the risk free interest rate, the level of stock volatility, together with an estimate of the level of forfeiture. The level of stock volatility is calculated with reference to historic traded daily closing share prices at the date of issuance.

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. During the year there were no stock options granted.

13. Income taxes

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

	Period ended April 30, 2011
Loss before income taxes	\$ (521,216)
Statutory rate	28.5%
Expected recovery of income tax	(148,547)
Non-deductible amounts	24,225
	(124,322)
Effect of change in enacted future tax rates	11,395
Effect of difference in foreign tax rates	(15,839)
Deferred tax assets not recognized	128,766
Deferred income taxes	\$ -

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

13. Income taxes - (continued)

The nature and tax effect of the temporary differences giving rise to the deferred income tax assets and liabilities at April 30, 2011 are summarized as follows:

Deferred tax assets	Period ending April 30, 2011
Exploration and evaluation costs	\$ 71,619
Loss carry forwards	57,147
Unrecognized deferred tax asset	<u>\$ 128,766</u>

As at April 30, 2011, the Company has estimated non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. A summary of these tax losses is provided below.

Tax Losses

These tax losses will expire as follows:

Tax Year - Loss incurred	Loss life (years)	Year of expiry	Non-capital losses
2011	20	2031	219,931

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

14. General and administrative

	April 30, 2011
	\$
Phone, utilities, supplies and other	6,712
Website, internet and printing	1,649
Contractor fees	6,129
Insurance	328
Total	<u>14,818</u>

15. Net loss per share

The calculation of the basic and diluted loss per share for the period ended April 30, 2011 was based on the loss attributable to common shareholders of **\$477,935** and the weighted average number of common shares outstanding of **3,270,859**.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

16. 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:

	<u>April 30, 2011</u>
<u>Short-term key management benefits</u>	
Compensation including bonuses (1)(2)(3)(4)(5)	\$ 99,345
<u>Long-term key management benefits</u>	
Share based payments (6)	\$ 85,000
Total remuneration	\$ 184,345

- (1) The Company has no employees. Compensation includes the Chief Executive and Chief Financial Officers fees, Presidents, VP of Exploration, 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. Key management are entitled to stock options for their services.
- (2) The Company has a management contract with Robin Dow, the Chairman and CEO of Red Ore Gold Inc., whereby the company pays up to \$5,000 a month for accommodation fees and related expenses. The amounts billed were based on normal market rates and amounted to **\$ 20,000**.
- (3) 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 **\$ 8,480**.
- (4) The Company has a consulting contract with Paul Pitman, the President of Red Ore Gold Inc., whereby the company pays hourly compensation of \$100/hour for services rendered as well related expenses. The amounts billed were based on normal market rates and amounted to **\$ 12,665**.
- (5) 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 **\$ 25,200**.
- (6) As of April 30, 2011 the Board of Directors approved compensation common shares be issued to the Chief Executive Officer, the Chief Financial Officer, and the President. The Company will issue 340,000 common shares with an estimated value of \$0.25 per common share. There were no warrants associated with the common shares

Transactions with related companies

In 2011 Red Ore Gold Inc. shared office space with Galahad Metals Inc. The Board of Directors for Red Ore Gold Inc. and Galahad Metals Inc. have agreed that the rent for the operating office in Ottawa shall be paid by Galahad Metals Inc. and all operating costs are to be paid by Red Ore Gold Inc. For the period ended April 30, 2011, the Company incurred shared costs of **\$ 1,043**. At April 30, 2011 the Company has a payable to Galahad Metals Inc of **\$214,872** (refer to note 9).

17. Financial instruments

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

Per financial instrument:

	Financial Instrument Classification	Carrying amount \$	Fair value \$
Financial assets			
Cash	Financial assets through profit and loss	457,081	457,081
Accounts receivable	Loans and receivables	17,615	17,615
Financial liabilities			
Accounts payable and accrued liabilities	Loans and borrowings	214,517	214,517
Due to parent company	Loans and borrowings	214,872	214,872

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

17. Financial instruments – (continued)

Cash in the bank

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

Financial risk management and objectives

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

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

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently does not have any outstanding interest bearing assets or liabilities nor does it have any outstanding loans receivable. As a result the Company does not have any exposure to fluctuations in the interest rate. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts.

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

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

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

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

Foreign currency denominated financial assets and liabilities which expose the company to currency risk are disclosed below. The amount shown are those reported to key management translated into Canadian dollars at the closing rates.

	Short-term exposure
April 30, 2011	
Financial Assets	US\$ 115,498
Financial Liabilities	(166,463)
Total exposure	US\$ (50,965)

The following table illustrates the sensitivity of profit or loss and equity in regards to the Company's financial assets and financial liabilities and the US\$/C\$ exchange rate, with all other things being equal.

It assumes a +/- 10% change in the US\$/C\$ exchange rate for the period ended April 30, 2011. The percentage has been based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's financial instruments held as at April 30, 2011.

Red Ore Gold Inc.
Notes to the Consolidated Financial Statements
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17. Financial instruments – (continued)

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

	US\$ financial exposure in US\$	Average exchange rate between January and April 30, 2011.	Strengthening of C\$ by 10%	Effect of profit or loss for the year end April 30, 2011
April 30, 2011	US\$ (50,965)	0.9776	0.8798	\$ 4,984

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

	US\$ financial exposure in US\$	Average exchange rate between April 2010 and April 2011.	weakening of C\$ by 10%	Effect of profit or loss for the year end April 30, 2011
April 30, 2011	US\$ (50,965)	0.9776	1.0754	\$ (4,984)

Exposures to foreign exchange rates vary over the year depending on the volume of expenditures on the Nevada properties located in the United States. Nonetheless the analysis above is considered to be representative of the company's exposure to currency risk.

Commodity and equity price risk

The Company is exposed to a price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to precious and base metals and other minerals, to determine the appropriate course of action to be taken by the Company.

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

As at April 30, 2011 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.

	<u>April 30, 2011</u>
Classes of financial assets – carrying amounts	
Cash	\$ 457,081
Accounts receivables	17,615
Carrying Amount	<u>\$ 474,696</u>

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 Gold 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 and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

17. Financial instruments – (continued)

Accounts receivable aged analysis:

	Accounts Receivable at April 30, 2011
Not more than 3 months	\$ 17,615
More than 3 months but not more than 6 months	-
More than 6 months but not more than 1 year	-
More than 1 year	-
Total	\$ 17,615

In respect of accounts receivable, the Company is not exposed to a significant credit risk as the principal amounts of the receivable are from sales tax credits with the Federal government. Risk of default with the various levels of Canadian Government is considered low due to the economic stability of the country.

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

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

As at April 30, 2011 the Company had cash of \$ 457,081 to settle current liabilities of \$ 429,389. As at April 30, 2011, the Company's financial liabilities have contractual maturities as summarized below:

April 30, 2011	Current		Non-current	
	Within 6 months	6 – 12 months	1 – 5 years	Later than 5 years
Accounts payable and accrued liabilities	\$ 214,517	-	-	-
Due to parent company	214,872			
Total	\$ 429,389	-	-	-

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 and amounts receivable currently do not meet the current cash outflow requirements. As a result the company is at a risk of not being a going concern if management is unable to raise the appropriate funds prior to the maturity of the financial liabilities. Appropriate going concern disclosure will be made available in the consolidated financial statements.

Fair value of financial instruments

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

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

18. Segmented information

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

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

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

- United States of America
- Corporate operations

No operating segments have been aggregated to form the above reportable operating segment.

Segment information can be analyzed as follows for the period ended April 30, 2011:

	Exploration and evaluation in United States	Corporate operations	Total
Expenses			
Exploration and evaluation expenditures	216,285	-	216,285
Operating expenses	-	304,931	304,931
Loss before income tax	216,285	304,931	521,216
Income tax expense	-	-	-
Net loss for the year	216,285	304,931	521,216
Operating assets	37,281	455,623	492,904
Operating liabilities	79,730	349,659	429,389

Segmented liabilities include accounts payable and accrued liabilities, all of which are current.

19. Group entities

The following entities are included in these consolidated financial statements:

	Country of incorporation	Ownership Interest April 30, 2011
Bottle Creek Exploration LLC	USA	60%

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

	April 30, 2011
Non-controlling interest, beginning of period	\$ -
Non-controlling interest at the date of acquisition	8,361
Capital contributions made by the non controlling interest during the period	19,168
Share of cumulative translation adjustment	864
Share of losses in Bottle Creek Exploration LLC	(43,281)
Non-controlling interest, end of period	\$ (14,888)

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

20. Contingencies & commitments

- A) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are hardly identifiable, in term of level, impact or deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at the time.
 - B) The Company has a commitment to pay Pi Financial a total of \$50,000 for their acceptance to act as the Company's advisor. As at April 30, 2011 the Company has four monthly installments of \$6,250 owing.
 - C) The Company has a commitment with its Chief Financial Officer in which the Company guarantees a minimum of 250 billable hours at an hourly rate of \$100 per hour over a 3 year term ending December 31, 2013.
-

21. Capital management

The Company's capital structure has been defined by management as being comprised of shareholders' equity, this is comprised of share capital and other components of equity and accumulated deficit, which at April 30, 2011 totals \$ **63,515**. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs. This is achieved by the Board of Directors review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other funding.

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

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

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

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements or covenants.

22. Subsequent events

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

The terms of the letter of intent are as follows:

The Company has the exclusive right for 60 days to enter into an Option Lease Agreement with GRC for a 100% interest in the Pogonip Ridge property. The advance royalty payments subject to the applicable NSR are as follows:

- 1) The Company will make a US\$ 5,000 payment upon signing the letter of intent (non-refundable);
- 2) The Company will make a US\$ 15,000 payment upon signing an option lease agreement;
- 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;
- 7) The Company will make a US\$ 200,000 payment on the 5th anniversary of signing the lease option agreement and thereafter;

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

Red Ore Gold Inc.

Notes to the Consolidated Financial Statements

April 30, 2011

(Expressed in Canadian Dollars)

22. Subsequent events – (continued)

Gold Range Company 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%.

On May 5, 2011, the Company issued 935,000 units to investors at a price of \$0.50 per unit for gross proceeds of \$467,500 as part of a private placement (as described in note 10). Each Unit was comprised of one common share and one common share purchase warrant exercisable to acquire one common share at a price of \$0.70 per share until April 30, 2013. The exercise price of these warrants was subsequently amended to \$0.40 per common share.

On June 3, 2011, the Company signed an agreement with PI Financial to act as its exclusive agent with respect to the Company's proposed initial public offering (“IPO”). As part of the IPO the Company will be looking to raise a maximum of \$3,000,000 through the sale of units. Each unit will consist of one common share and one transferable common share purchase warrant. It is anticipated that each unit will be issued at a price of \$0.30 per unit with a common share purchase warrant exercisable into one additional common share of the Company for two years following the closing date of the IPO at an exercise price of \$0.40 per share.

The Company has granted PI Financial an option to cover over-allotments, which will allow PI to offer up to: (i) 1,500,000 additional units; (ii) 1,500,000 additional warrants; or (iii) any combination of additional units and additional warrants so long as the aggregate number of additional common shares does not exceed 1,500,000 common shares and the aggregate number of additional warrants does not exceed 1,500,000 warrants. The over-allotment option may be exercised in whole or in part at any time prior to the closing date of the IPO.

The Company will pay a commission of 10% of the gross proceeds of the offering on the closing of the IPO to PI. The Company will also pay the agent a corporate finance fee of \$25,000. PI may elect to receive the commission in cash or, in whole or part, in units at a deemed price of \$0.30 per unit. The Company will also issue to PI on closing of the IPO, compensation options equal in number to 10% of the aggregate number of units sold under the IPO. Each compensation option will entitle PI to purchase one common share, at any time and from time to time for a period of 24 months following the closing date of the IPO, at an exercise price equal to \$0.30 per common share.

On June 13, 2011, after consultation with PI with respect to pricing of the common shares to be issued in connection with the Company'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, down from \$0.75. To give effect to the foregoing dilution, as of June 30, 2011, the Board of Directors has approved the issuance of double the amount of compensation shares and the issuance of rights to the investors who participated in the Company's previous 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. Galahad has agreed not to exercise any of the rights issue to it.

AUDITOR'S CONSENT

We have read the prospectus of Red Ore Gold Inc. (the "**Company**") dated September 13, 2011, relating to the Company's proposed offering of a minimum of 5,006,500 units and up to a maximum of 10,000,000 units of the Company at \$0.30 per unit. We have complied with Canadian generally accepted standards for an auditor's involvement with such offering documents.

We consent to the incorporation in the above-mentioned prospectus of our report to the directors of the Company, dated June 30, 2011, on the consolidated balance sheet of the Company as at April 30, 2011 and the consolidated statements of comprehensive loss and changes in Shareholders' Equity and cash flows for the period ended April 30, 2011. Our report is dated June 30, 2011.

(signed) "BDO CANADA LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
September 13, 2011

CERTIFICATE OF RED ORE GOLD INC.

Dated: September 13, 2011

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, and Ontario.

(signed) "*Robin Dow*"

Robin Dow
Chief Executive Officer

(signed) "*Sabino Di Paola*"

Sabino Di Paola
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) "*Robert Schellenberg*"

Robert Schellenberg
Director

(signed) "*Larry Hoover*"

Larry Hoover
Director

CERTIFICATE OF PROMOTER

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, and Ontario.

(signed) "*Robin Dow*"

Robin Dow
Director, Galahad Metals Inc. as Promoter

(signed) "*Larry Hoover*"

Larry Hoover
Director, Galahad Metals Inc. as Promoter

CERTIFICATE OF THE AGENT

Dated: September 13, 2011

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the Provinces of British Columbia, Alberta, and Ontario.

PI FINANCIAL CORP.

(signed) "*Jim Mustard*"

Jim Mustard

VP Investment Banking, Mining