



## MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three Months Ended July 31, 2011

**RED ORE GOLD INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Three Months Ended July 31, 2011**  
**(Information as at September 14, 2011 unless otherwise noted)**

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**Cautionary Statements**

Forward-Looking Information

Except for statements of historical fact relating to Red Ore Gold, 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 Red Ore Gold's public filings (under Galahad Metals Inc.'s press releases), Red Ore Gold'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 Red Ore Gold's public filings (under Galahad Metal Inc.'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 favorable terms. While Red Ore Gold 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 Red Ore Gold filings. 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, Red Ore Gold 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 of the financial position of Red Ore Gold Inc. ("the Company") and the results of operations of the Company for the three months ended July 31, 2011. Management's Discussion and Analysis was prepared by Company management and approved by the Board of Directors on September 14, 2011.

This MD&A complements and supplements the audited consolidated financial statements for the year ended April 30, 2011 as well as the unaudited interim consolidated financial statements for the three months ended July 31, 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 September 14, 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. Red Ore Gold'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.

## **NATURE OF OPERATIONS**

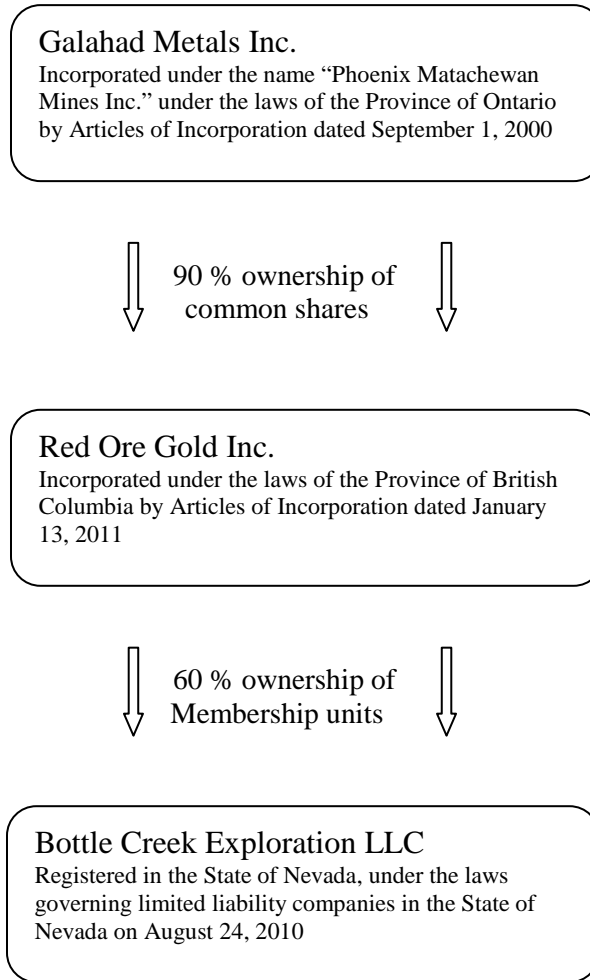
### Corporate summary

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. During March 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 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 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 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 #100-2746 St Joseph Blvd, Orleans, Ontario, Canada, K1C1T1

## GROUP STRUCTURE



### Highlights

Highlights for the three month period ending July 31, 2011, as well as at September 14, 2011, include:

- On May 10, 2011, Red Ore Gold signed a Letter of Intent with Gold Range Company LLC to acquire 100% Pogonip Range properties in Nevada, USA.
- Red Ore Gold signed an agreement with PI Financial to act as the exclusive agent with respect to the Company's initial public offering. Whereas the total gross proceeds will be up to \$3,000,000 with units sold at \$0.30 per unit with a \$0.40 warrant. PI will earn a commission of 10% of gross proceeds, a corporate finance fee of \$25,000 as well as compensation options in the equivalent of 10% of the aggregate number of units sold in the offering.
- On June 30, 2011, the Board of Directors of Red Ore Gold Inc. have agreed to amend the value of the Company's common shares from \$0.50 to \$0.25 and as such has issued a rights offering to its shareholders to acquire an equal number of shares which were

purchased in Red Ore at a price of \$0.01 per share. In conjunction with the rights offering the Board has approved the doubling and re-pricing of warrants previously issued as part of the May 2011 private placement from \$0.75 per share to \$0.40 per share.

- On June 30, 2011, the Board of Directors of Red Ore have agreed to issue 170,000 compensation options to officers of the Company. The shares have an assigned value of \$0.01 per share.
- At August 30, 2011, the Company in response to the rights offering issued to investors in June is required to issue 535,000 common shares for cash consideration received of \$5,350. The Company is also required to amend the 935,000 warrants to a new exercise price of \$0.40 per share and issue an additional 935,000 warrants to its investors.

## **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 of Red Ore Gold Inc. of approximately \$1,035,000 - \$3,000,000 to cover IPO costs as well as fund the 2011 Bottle Creek exploration program as well as initial exploration on the Company's Ryepatch and Pogonip properties also located in Nevada.

## **BOARD PURPOSE AND FUNCTION**

The Directors and management of the parent company have extensive 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 Gold Inc. 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 the Red Ore Gold Inc. and its subsidiary which has affected or will materially affect Red Ore Gold Inc. or its subsidiary.

## **DIRECTORS AND OFFICERS, CHANGES**

There has been no change in the Directors or Officers of the Company since the Company's year ended April 30, 2011.

## **QUALIFIED PERSON**

The Company relies on Paul Pitman, P. GEO, as the Qualified Person as defined under National Instruments 43-101. Mr. Pitman has read and approved the technical information contained in this MD&A. The disclosure on mineralization on properties has not been verified by Mr. Pitman and is not necessarily indicative of the Company's anticipated results. Where provided, potential quantity and grade is conceptual in nature as the Company has not conducted sufficient

exploration to define resources and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

## SELECTED ANNUAL INFORMATION

The following table contains selected interim financial information of the Company for the three month period ended July 31, 2011 as well as the yearend April 30, 2011.

	<b>Period ended July 31, 2011</b>	<b>Year ended April 30, 2011</b>
Revenue	Nil	Nil
Total expenses	\$ 224,415	\$ 520,185
Net loss for the period attributable to the parent	\$ 223,243	\$ 521,216
Basic and diluted loss per common share	\$ 0.02	\$ 0.16
	<b>As at July 31, 2011</b>	<b>As at April 30, 2011</b>
Total assets	\$ 636,856	\$ 492,904
Total long-term financial liability	NIL	NIL
Cash dividends per common share	NIL	NIL

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

<b>Consolidated Statement of Position</b>	<b>Balance as of July 31 2011 \$</b>	<b>Consolidated Statement Comprehensive Loss</b>	<b>Three months ending July 31 2011 \$</b>
Current assets	636,856	Operating Expenses	224,415
Non-current assets	17,964	Other Expenses	(1,171)
Current liabilities	751,106	Comprehensive income	(1,175)
Shareholders' equity	(114,250)		

Total expenses were \$224,415 for the three month period ended July 31, 2011. The prior year was a shortened 4 month year and as a result there are no 2010 first quarter comparatives to review the July 31, 2011, expenditures against. The 2011 first quarter expenses can be further detailed as follows: Promotion and investor conference of \$14,141 are due to media and other promotional material related to informing potential investors about Red Ore Gold Inc. and that the Company is in the process of completing its preliminary prospectus for its scheduled September IPO. Professional fees of \$111,473 are due mainly to legal fees for the initial public offering of the Company, the fees charged by the CFO as well as for legal fees relating general corporate filings are all group in professional fees as well as an accrual of \$25,000 to complete the Red Ore financial statement audit and professional fees of \$2,000 relating to Bottle Creek Exploration LLC accounting and legal fees. Management and Directors fees of approximately \$15,000 are due to the fact that Mr. Dow is entitled to receive compensation of \$5,000 per month from the Company per his management contract. General and administrative expenses of \$15,711 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 shares were granted to the Chief Executive Officer, the Chief Financial Officer, President and Comptroller. The shares were issued at \$0.01 per share, which was the current rate used for the rights offering at the time. A total of

\$1,700 was recorded as a compensation expense. As of July 31, 2011 no economically viable mineral reserves were discovered on the company’s exploration properties. Management has expensed direct exploration of \$60,498. Management will continue to assess the properties for economically feasible reserves. Finally regulatory, exchange, AGM, press release and transfer agent fees of \$5,893 are due to the private placement issued in May 2011 as well as fees associated with the Company’s IPO.

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 Metals Inc., a related party, transferred all of its 60% ownership of Bottle Creek Exploration LLC (the “subsidiary” or “BCE”) 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 Red Ore Gold 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 prior years audited 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 July 31, 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 July 31, 2011	2011 Plans	Red Ore Ownership	Financial Statements
United States	Bottle Creek	Gold	Trenching completed, Phase I drilling completed	Second phase drilling planned for fall 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 three month period ended July 31, 2011, the Company incurred costs of \$60,498 on property exploration and evaluation. A total of \$22,930 of this spending related to the Company's Bottle Creek, Nevada project for the annual option payment with respect to the underlying property agreement as well as geological consulting expenditures. Costs of \$11,297 related to staking and geological consultation costs for the Ryepatch project and costs of \$26,272 related to staking and geological consultation costs for the Pogonip project.

On March 25, 2011, Red Ore Gold Inc. signed the transfer agreement, assignment of membership interest agreement and the assignment of agreement and assumption of liabilities with Galahad Metals Inc. in which Red Ore Gold has acquired Galahad's interest in the Bottle Creek Exploration LLC in exchange for 8,898,938 common shares of Red Ore Gold Inc. However for accounting purposes the exploration and evaluation costs on the mineral properties were expensed and the transfer of the assets was between companies under common control. Accordingly the transaction was accounted for at the carrying value of the net assets of Bottle Creek resulting in an effective per share price of \$0.0014.

### Bottle Creek Property – Nevada

On March 16, 2005, Galahad Metals Inc (the parent company of Red Ore Gold) announced it had entered into an option agreement with Golden Gryphon Explorations Inc., a private company incorporated in British Columbia, whereby the Company had the option to earn 60% of the Bottle Creek epithermal gold-silver property in Humboldt County, Nevada.

The property is located in the Bottle Creek mercury district of northwestern Nevada, approximately 250 kilometres northeast of Reno. The core of the Bottle Creek system lies beneath past producing, high-grade mercury mines that are interpreted to be the surface



manifestation of a mineralizing system capable of depositing gold and silver as well. Gold and silver exploration in the area dates from 1982 when the area was worked for both Carlin-type disseminated gold mineralization and low-sulphidation epithermal mineralization at shallow depths. Results of historical and current work indicate that the region displays widespread anomalous gold, silver, selenium, antimony, arsenic and mercury and lower but anomalous molybdenum, copper lead and zinc content - this coupled with altered rhyolite and basalt host rocks suggests that Bottle Creek fits into a distinct class of epithermal gold mineralization that includes the Ken Snyder (Midas) (2.39 M oz gold), Mule Canyon (1.43M oz gold) and Sleeper (1.68 M oz gold) deposits.

On September 30, 2010 the Galahad Metals Inc. transferred its claims in the Bottle Creek property into Bottle Creek Exploration LLC, a Nevada limited liability corporation in which Galahad Metals Inc. owns 60% interest and Golden Griffon USA Inc. (GGE is the operator of the project.) holds the remaining 40% interest.

On February 24, 2011 the Galahad Metals Inc. (the parent company of Red Ore Gold) announced its intention to spin out its 60% interest in Bottle Creek Exploration, LLC (“Bottle Creek”) into its wholly owned subsidiary Red Ore Gold Inc. (“Red Ore”). Bottle Creek is a venture with Golden Gryphon Inc. and holds the Bottle Creek, Nevada gold property (the “Property”).

On March 25, 2011 Red Ore Gold Inc. signed the transfer agreement, assignment of membership interest agreement and the assignment of agreement and assumption of liabilities with Galahad Metals Inc. in which Red Ore Gold has acquired Galahad’s interest in the Bottle Creek Exploration LLC.

On May 2, 2011 the Company announced sampling results from its Water Canyon Ridge target area in the Bottle Creek project, Nevada. A portion of this target area was tested by soil grids and a significant silver anomaly was outlined with anomalous gold. The silver anomaly is open in at least two directions with gold having a less continuous dispersion pattern. The Water Canyon Ridge zone contains an epithermal vein swarm. The width of the vein swarm ranges from 100 to 400 meters and has a potential 4-km east-west strike length from west of Buff Peak pass to the east end of the Water Canyon vein swarm. Part of this strike length is covered by post mineral volcanics.

An initial grab sample from an old prospect dump on the vein swarm returned a value of 2.6 g/t gold. Further grab samples from the dump assayed from 0.2 g/t gold to 40 g/t gold and up to 171 g/t silver. The prospect dump is located at the southern edge of the vein swarm and at an apparent structural level 160 metres beneath the veins on the crest of the ridge. The precious metal bearing veins in the Water Canyon Ridge zone consist of multiple generations of banded chalcedonic quartz veins, quartz - carbonate  $\pm$  adularia  $\pm$  fluorite, and quartz  $\pm$  adularia  $\pm$  sulfide veins. Some of these veins show replacement textures of quartz after carbonate. The textures of the veins, mineralogy, and trace metal content all indicate an epithermal precious metal hydrothermal system. Additional examples of the banded, oxidized, sulphidic quartz veins from a higher elevation and 0.9 kilometers farther west contain highly anomalous silver (to 171 g/t) and anomalous gold (to 0.6 g/t) with anomalous As, Hg, Mo, Pb, Sb, Se and Te. Collectively these data indicate that the surface mineralization occurs at the higher levels of a typical epithermal vein system.

Further surface surveys, geophysics and permitting will be carried out this summer in order to select the best drill targets for a fall, 1,600 metre, drill programme on the Water Canyon Ridge vein swarm.

There has been a preliminary second quarter budget for Bottle Creek in 2011 of \$431,500 USD which has been approved by the Board of Directors. This budget encompasses a drill program as well as other geological exploration to be performed on this property.

Phase one of the drill program will begin in Q4 2011, with a 6 hole, 3,000 metre+ programme on already permitted key targets in the main zone in the center of the historic Bottle Creek mercury district. One of these targets is the projected intersection of the Water Canyon vein trend and a key mineralized range front fault target on the west side of the center of the Bottle Creek district.

### **Ryepatch - Nevada**

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. 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.

The Ryepatch Property (including the historic Ryepatch and Agness Mines) is believed to host the potential to develop large gold-silver bulk mineable mineralization similar to the adjacent Florida Canyon and Standard open pit / heap leach mines hosted in carbonate rocks of the Triassic age Grass Valley, Natchez Pass and Prida Formations.

Discovered about 1860, the Ryepatch Mine is reported by the Nevada Bureau of Mines and Geology to have produced more than 600,000 ounces of silver by 1870. In 1954 they reported that 80 tons of high grade tungsten ore was produced and also that minor high grade antimony was produced during the 1960's.

The mineralized gold-silver zone has been traced in outcrop for more than 2.5 miles and occupies a north-south trending structural corridor 400 to 1,000 feet in width along a major thrust fault. Mineralization on the south end of the corridor is silver dominated, progressively becoming enriched in gold from the south to the north where historic surface grab samples range from 1.25 to 3.44 grams per tonne (.04 to .11 ounces per ton) gold in the mineralized zone in the Prida and Rochester Rhyolite Formations. Antimony-rich veins are frequently associated with gold mineralization and historic surface grab samples from the central portion of the main corridor have yielded results to 1.25 grams per tonne (.041 ounces per ton) gold and 291 grams per tonne (9.3 ounces per ton) silver.

Extensive mine working, to only a depth of 61 meters (200 feet), explore the zone with the bulk of development near the southern portion of the property in the vicinity of the Ryepatch Mine. Additional small mine workings are present along the entire strike of the mineralized corridor. Most of the historic workings below surface are accessible but none have been mapped or sampled. The property has never been drilled.

### **Pogonip Ridge – Nevada**

On May 19, 2011 the Company announced that it has signed a Letter of Intent (LOI) with Gold Range Company LLC (GRC) to explore and develop their Pogonip gold-silver property in White Pine County, Nevada.

The Pogonip property has 58 unpatented lode claims, 16 patented lode claims and one patented mill site, comprised of approximately 725 hectares covering a 3 km strike length of highly favourable prospective geology.

The terms of the LOI calls for RXX to enter into a definitive Option Lease Agreement within 40 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\$5,000 on signing the LOI plus US\$15,000 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. The owner retains a 4% NSR which shall be subject to a buy-down clause in favor to 1.5% NSR for US\$1,000,000 per percentage point. The advance production royalty payments shall be deductible from future production royalties.

The Pogonip Property (which includes the historic Tonopah-Belmont and Mary Ellen Mines and portions of the Rocco-Homestake Mine) offers excellent potential for the discovery of a multi-million ounce sediment hosted gold-silver and/or silver-gold bearing polymetallic carbonate replacement (manto) deposits. The property lies along Nevada's prolific Battle Mountain-Eureka Trend within the central part of the lead-silver zone of the White Pine Mining District.

The famed White Pine Mining District has recorded past production exceeding two million ounces of gold and 30 million ounces of silver with known significant resources of molybdenum, copper and tungsten. The potential for Pogonip is deemed to be very prospective as little to no modern mineral exploration has occurred in this silver District since the discovery of the Carlin-type gold deposits in the mid 1960s.

The Pogonip Ridge property highly prospective Paleozoic platform carbonate sediments are known to host significant gold and silver resources along both the Battle Mountain and nearby Carlin trends, but have not experienced the level of exploration seen elsewhere along the Battle Mountain-Eureka Trend. Numerous unexplored structural environments occur or can be projected into the favourable stratigraphic horizons. This stratigraphic setting is similar to that of other rich silver deposits in the White Pine District. Historical mine maps of the Mary Ellen Mine indicate the presence of gold up to 8.4 g/t.

## OVERALL PERFORMANCE AND RESULTS OF OPERATIONS

### Expenses and Net Loss for the Period End

Total expenses for the three month period ended July 31, 2011 were \$224,415.

Interest and other income earned for the three month period ended July 31, 2011 was \$ NIL. Foreign exchange loss on US dollar denominated balances and transactions were \$1,817 for the period end. Interest and bank charges were \$646 for the period end.

Net loss attributable to the parent for the period ended July 31, 2011 was \$225,812. Basic and diluted loss per common share for the period ended July 31, 2011 was \$(0.02).

### Quarterly results

Quarter	Net Loss (\$)	Loss/share (\$)	Total Assets (\$)	Shareholder's Equity attributable to owners of the Parent (\$)	Non controlling interest (\$)
Q1/2012	(223,243)	(0.02)	636,856	(121,954)	7,704
Y/E April 30, 2011 *	(521,216)	(0.16)	492,904	78,403	(14,888)

\* The Company was incorporated on January 13, 2011. The first reporting date was a stub 4 month year-end of April 30, 2011.

## LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2011, the Company had cash totaling at \$470,393. During the period ended July 31, 2011, the Company obtained/spent cash of \$ NIL through investing activities, received \$ 216,184 through financing activities and paid net cash of \$201,054 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 July 31, 2011, the Company had total cash of \$470,393 of which \$17,698 is restricted to exploration on the Bottle Creek property. 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.

Red Ore Gold Inc. short term list of objectives is as follows:

- 1) Conduct its initial public offering (“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.
- 3) Commence a drill program on the Bottle Creek claims and sign definitive agreements with Gold Range regarding the Ryepatch and Pogonip properties.

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**

#### 2012 issuance

On May 5, the Company issued 1,870,000 units to investors at a price of \$0.25 per unit for gross proceeds of up to \$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 \$0.40 per common share exercisable on or before January 31, 2013.

On May 9, 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.

On June 13, 2011, the Board of Directors in conjunction with the revaluation of the Company’s shares from \$0.50 to \$0.25 per share approved the issuance of 170,000 common shares as compensation to the Chief Executive Officer, the Chief Financial Officer, President and the Comptroller. The shares will be issued with an estimated value of \$0.01 per common share once the Company has completed its IPO. There are no warrants associated with the common shares.

As of August 29, 2011, the Company is committed to issue an aggregate of 935,000 warrants to existing shareholders without consideration, as part of the July 8, 2011 notice of adjustment of warrants.

As of August 31, 2011, the Company issued 935,000 common shares to investors at a price of \$0.01 per unit for gross proceeds received of \$9,350 as part of the June 13, 2011 rights offering.

## 2011 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 January 13, 2011, the Board of Directors approved compensation common shares be issued to the Chief Executive Office, the Chief Financial Officer, and the Comptroller. The Company will issue 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 March 25, 2011, the Company issued 8,838,938 common shares to Galahad Metals Inc. in exchange for Galahads 60% interest in the Bottle Creek Exploration LLC. 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 shares.

## **OUTSTANDING SHARE DATA**

Information with respect to outstanding common shares, warrants, compensation options, compensation option warrants and stock options as at September 14, 2011, July 31, 2011, and April 30, 2011 are as follows:

	<b>September 14, 2011</b>	<b>July 31, 2011</b>	<b>April 30, 2011</b>
Common shares	10,708,989	9,773,939	8,838,939
Common shares to be issued	340,000	1,275,000	2,210,000
Warrants	935,000	935,000	-
Warrants to be issued	935,000	935,000	1,870,000
Fully diluted shares outstanding	12,918,939	12,918,939	12,918,939

## **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, 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>July 31, 2011</u>	<u>April30, 2011</u>
<u>Short-term key management benefits</u>		
Compensation including bonuses (1)(2)(3)(4)(5)	\$ <b>45,820</b>	\$ 99,345
<u>Long-term key management benefits</u>		
Share based payments (6)	<u>1,700</u>	<u>85,000</u>
Total remuneration	\$ <b>47,520</b>	\$ 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 \$ **15,000**.
- (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 \$ **16,570**.
- (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 \$ **5,500**.
- (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 \$ **8,750**.
- (6) As of June 13, 2011 the Board of Directors approved the re-pricing of the compensation common shares be issued to the Chief Executive Office, the Chief Financial Officer, and the President. The Company will issue an additional 170,000 common shares with an estimated value of \$0.01 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 three month period ended July 31, 2011, the Company incurred shared costs of \$ 6,242 (April 30, 2011 \$1,043). At July 31, 2011 the Company has a payable to Galahad Metals Inc. of \$414,099 (April 30, 2011 \$214,872).

## INVESTOR RELATIONS

As at the date of this Management Analysis and Discussion, Red Ore Gold Inc., has not yet signed a contract with an investor relation company. Once the initial public offering is completed the Company will focus on hiring an investor relations firm.

## **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 is not otherwise disclosed herein.

## **CRITICAL ACCOUNTING ESTIMATES**

Preparing financial statements in conformity with IFRS requires the Corporation 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 Corporation 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 Corporation recognizes liabilities based on the Corporation's current understanding of tax laws as applied to the Corporation'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 Corporation's shares at the date of grant, the exercise price, the term allowed for exercise, a volatility factor relating to the Corporation's historical share price, forfeiture rates, dividend yield and the risk-free interest rate.

## **RISKS AND UNCERTAINTIES**

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. Current and potential investors should give special consideration to the risk factors involved.



### Exploration Stage Company

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. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. 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.

### Economic Risk

The price of gold and other minerals fluctuate. The future direction of the price of any mineral will depend on numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. 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.

### 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. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. 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.

### Industry Conditions

The exploration and development of mineral deposits involve significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves, to develop processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Company will result in a profitable commercial operation.

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, as well as mineral 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 be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration and development of minerals, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding 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.

#### Value of Our Common Shares

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.

#### Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other interests, many of which have greater financial resources than it has, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

#### Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable 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.

#### Environmental Risk

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. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

#### Title to Property

Although the Company has obtained title opinions with respect to certain of its properties and has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to

any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

#### Uninsured Hazards

The Company currently carries minimal insurance coverage. 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.

#### Conflicts of Interest

Certain directors of the Company also serve as directors of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. 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, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

#### Permits, Licenses and Approvals

The operations of the Company may 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. 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 all necessary licenses and permits that may be required to maintain its mining activities, construct mines or other facilities and commence operations of any of their exploration properties. 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.

#### Land Claims

At the present time, none of the properties in which the Company has an interest or an option to acquire an interest is the subject of an aboriginal land claim. However, no assurance can be provided that such will not be the case in the future.

#### Regulatory Matters

The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine safety, toxic substances, environmental protection and other matters. 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.

### Mineral Price Fluctuations

The marketability of any mineral is subject to numerous factors beyond the control of the Company. The price of minerals can experience volatile and significant movements over short periods of time. Factors impacting price include, but are not limited to, demand for the particular mineral, political and economic conditions and production levels and costs of production in other areas or countries.

### Operating in Foreign Jurisdictions

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.

## **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.

### Sponsor

PI Financial is, in accordance with the Listings Requirements of the TSX Venture, the Company's appointed Sponsor. PI Financial is therefore responsible to ensure that the Company is at all times guided and advised as to the application of the Listings Requirements of the TSX Venture.

## **OTHER INFORMATION**

Other information and additional disclosure of the Company's technical reports, material change reports, new releases, and other information may be found on the Company's website <http://redoregold.com/>.

## **CORPORATE INFORMATION**

### **Directors and Officers**

Robin Dow, HBA, MBA, FCSI – Chairman, CEO and Director

Sabino Di Paola, CA – CFO

Michael Newman – Director

Larry Hoover - Director

Robert Schellenberg, CPA – Director

Paul Pitman – President

Garry Smith – VP Exploration

### **Corporate Office**

2746 St. Joseph Blvd. Suite 100, Orleans, Ontario, K1C 1G5

1-613-834-7708

**Web Site**

<http://redoregold.com/>

**Symbol**

RXX

**Independent Auditor**

BDO Canada LLP

**Corporate Banker**

Royal Bank of Canada, Ottawa

**Transfer Agent**

Capital Transfer Agency Inc., Toronto