Red Ore Gold Inc.

Consolidated
Financial Statements

April 30, 2014 and 2013

Red Ore Gold Inc.

Table of contents

MAZARS

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 statements of financial position as at April 30, 2014, and the consolidated statements of income and comprehensive income, changes in shareholders' equity (deficiency) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

MAZARS HAREL DROUIN, LLP

215 SAINT-JACQUES STREET - SUITE 1200
MONTRÉAL - QUÉBEC - CANADA - H2Y 1M6
TEL.: 514 845 9253 - FAX: 514 845 3859

7077 BEAUBIEN STREET EAST - SUITE 212
ANJOU - QUÉBEC - CANADA - H1M 2Y2
TEL.: 514 355 5987 - FAX: 514 355 1630

www.mazars.ca

MAZARS

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, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates that the Company is currently solely dependent on funding provided by one investor and may not have sufficient liquidity to face its operating expenses. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Comparative Information

The consolidated financial statements of RED ORE GOLD INC. as at and for the year ended April 30, 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on August 22, 2013.

Mazars Harel Drouin, LLP [1]

Montréal, April 29, 2016

1. CPA auditor, CA, public accountancy permit No. A117854

Red Ore Gold Inc.

Consolidated Statements of Financial Position

	Notes	As at April 30 2014 $	As at April 30 2013 $
Assets			
Current assets:			
Cash		**-**	8,636
Accounts receivable		**955**	-
Prepaid expenses		**2,250**	8,047
Total current assets		**3,205**	16,683
Reclamation bond	6	**5,062**	5,062
Total non-current assets		**5,062**	5,062
Total assets		**8,267**	21,745
Liabilities and shareholders' deficiency			
Current liabilities:			
Bank overdraft		**1,000**	-
Accounts payable and accrued liabilities	7,12	**83,715**	453,261
Due to related party	12	**63,145**	-
Total current liabilities		**147,860**	453,261
Convertible debenture	8,12	**164,693**	159,422
Total liabilities		**312,553**	612,683
Shareholders' deficiency			
Share capital	9	**1,551,571**	1,349,942
Contributed surplus		**198,746**	211,703
Accumulated deficit		**(2,054,603)**	(2,152,583)
Total shareholders' deficiency		**(304,286)**	(590,938)
Total liabilities and shareholders' deficiency		**8,267**	21,745

Nature of Operations and Going Concern (Note 1)
Contingencies and Commitments (Note 17)
Subsequent Events (Note 20)

Approved by the Board of Directors:

Director

Director

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

Red Ore Gold Inc.

Consolidated Statements of Income and Comprehensive Income

	Notes	**Year ended 30 April 2014 $**	Year ended 30 April 2013 $
Expenses			
Management and directors fees	12	**51,000**	22,000
Promotion and investor conference		**883**	32,860
Regulatory, exchange, AGM, press release and transfer agent fees		**19,642**	11,154
Professional fees		**47,411**	182,385
Exploration and evaluation expenditures	5	**48,671**	126,368
Accretion expense	8	**5,271**	4,248
General and administrative	11	**29,476**	66,813
Net loss before other items		**(202,354)**	(445,828)
Other items			
Finance costs	8	**(19,709)**	(17,549)
Foreign exchange gain (loss)		**(4,269)**	(377)
Loss on deconsolidation	4	**-**	(21,016)
Other income	7, 8,12	**311,355**	55,719
		287,377	16,777
Net income (loss) for the year		**85,023**	(429,051)
Other comprehensive gain (loss)			
Foreign currency translation adjustment		**-**	20,670
Total comprehensive income (loss) for the year		**85,023**	(408,381)
Net income (loss) attributable to:			
Owners of the Company		**85,023**	(428,283)
Non-controlling interest		**-**	(768)
		85,023	(429,051)
Total comprehensive income (loss) attributable to:			
Owners of the Company		**85,023**	(415,881)
Non-controlling interest		**-**	7,500)
Total comprehensive loss		**85,023**	(408,381)
Income (loss) per share			
Income (loss) per common share: Basic and diluted	14	**0.004**	(0.02)
Weighted average number of common shares outstanding: Basic and diluted		**20,859,333**	19,101,035

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

Red Ore Gold Inc.

Consolidated Statements of Changes in Shareholders' Deficiency

	Equity Attributable to Parent						Non-controlling interest				Total
	Number of common shares outstanding	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total	Total Shareholders' Equity (deficiency)
Balance as at April 30, 2012	**18,443,939**	**1,212,942**	**181,560**	**(12,402)**	**(1,724,300)**	**(342,200)**	**119,435**	**(8,268)**	**(103,771)**	**7,396**	**(334,804)**
						-					-
Loss for the year	-	-	-	-	(428,283)	(428,283)	-	-	(768)	(768)	(429,051)
Share capital issued for cash	1,320,000	132,000	-	-	-	132,000	-	-	-	-	132,000
Shares issued for property	50,000	5,000	-	-	-	5,000	-	-	-	-	5,000
Cumulative translation adjustment	-	-	-	29	-	29	-	19	-	19	48
Derecognition of AOCI from deconsolidation	-	-	-	12,373	-	12,373	-	8,249	-	8,249	20,622
Derecognition of NCI from deconsolidation	-	-	-	-	-	-	(122,494)	-	104,539	(17,955)	(17,955)
Revaluation of non-controlling interest	-	-	(1,102)	-	-	(1,102)	1,102	-	-	1,102	-
Equity component of convertible debt	-	-	31,245	-	-	31,245	-	-	-	-	31,245
Additional contribution by non-controlling interest	-	-		-	-	-	1,957	-	-	1,957	1,957
Balance as at April 30, 2013	**19,813,939**	**1,349,942**	**211,703**	-	**(2,152,583)**	**(590,938)**	-	-	-	-	**(590,938)**
Income for the year	-	-	-	-	85,023	85,023	-	-	-	-	85,023
Common shares to be issued	-	-	-	-	-	-	-	-	-	-	-
Share capital issued for cash	1,100,000	110,000	-	-	-	110,000	-	-	-	-	110,000
Shares issued for compensation	510,000	51,000	-	-	-	51,000	-	-	-	-	51,000
Shares issued for settlement of debt	356,288	35,629	-	-	-	35,629	-	-	-	-	35,629
Shares issued for property management	50,000	5,000	-	-	-	5,000	-	-	-	-	5,000
Expiry of stock options	-	-	(12,957)	-	12,957	-	-	-	-	-	-
						-					
Balance as at April 30, 2014	**21,830,227**	**1,551,571**	**198,746**	-	**(2,054,603)**	**(304,286)**	**-**	**-**	**-**	**-**	**(304,286)**

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

Red Ore Gold Inc.
Consolidated Statements of Cash Flows

	Year ended April 30 2014 $	Year ended April 30 2013 $
Cash flows from operating activities		
Net income (loss) for the year	**85,023**	(429,051)
Adjustments to reconcile loss to net cash used in operating activities:		
Finance cost	**18,642**	-
Common shares issued for land management fees	**5,000**	5,000
Common shares issued as compensation	**51,000**	-
Loss on deconsolidation	**-**	21,016
Other income	**(310,981)**	(38,631)
Accretion expense	**5,271**	4,248
Change in non-cash working capital balances:		
Accounts receivable	**(955)**	25,924
Prepaid expenses	**5,797**	(1,085)
Reclamation bond	**-**	(5,131)
Accounts payable and accrued liabilities	**(41,578)**	167,665
Total cash outflows from operating activities	**(182,781)**	(250,045)
Cash flows from investing activities		
De-recognition of cash	**-**	(2,671)
Total cash outflows from investing activities		(2,671)
Cash flows from financing activities		
Proceeds from share issuance	**110,000**	132,000
Due to related party	**63,145**	-
Contributions by non-controlling interest	**-**	1,957
Total cash inflows from financing activities	**173,145**	133,957
Effect of foreign exchange on cash	**-**	48
Total decrease in cash during the year	**(9,636)**	(118,711)
Cash and cash equivalents - Beginning of year	**8,636**	127,347
Cash and cash equivalents - End of the year	**(1,000)**	8,636

Supplemental cash flow information (Note 18)

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

1. Nature of operations

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

On March 25, 2011, the Company acquired from a related party 60% ownership of Bottle Creek Exploration LLC ("BCE"), On August 10, 2012, BCE was dissolved. Upon dissolution the Company retained its 60% interest in the Bottle Creek exploration claims only (Notes 4 and 5).

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

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

As at April 30, 2013, neither Red Ore nor RNV has common shares which were listed on any exchange. The office of the Company is located at #206 - 2290 Marine Drive, West Vancouver, British Columbia, V7V 1K4.

Going concern

The consolidated financial statements are prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business, for the next fiscal year. At April 30, 2014 the Company had a cash (deficiency) of ($1,000) (2013 - $8,636), a working capital deficiency of $144,655 (2013 - $436,578) and an accumulated deficit of $2,054,603 (2013 - $2,152,583).

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

2. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 15. The Company's functional and reporting currency is the Canadian dollar.

Statement of compliance

These consolidated financial statements of the Company and its subsidiaries, including comparatives, have been prepared in accordance with IFRS as issued by IASB.

The preparation of the consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These consolidated annual financial statements were authorized for issuance by the Board of Directors on April 29, 2016

Basis of consolidation

The Company's consolidated financial statements consolidate those of Red Ore and its subsidiary RNV as at April 30, 2014. RNV has a reporting date of April 30. Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

Red Ore Gold NV Inc. ("RNV")

On November 15, 2011, Red Ore incorporated a wholly owned subsidiary, RNV, to hold the exploration claims previously held in Red Ore. RNV was incorporated under the laws of the State of Nevada with share capital of 1,000 at a value of $0.01 per share.

3. Summary of significant accounting policies

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

Foreign currency translation

Foreign currency transactions are translated into Canadian dollars as follows:

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

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

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

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

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

Cash and cash equivalents

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

Exploration and evaluation expenditures

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

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

Impairment

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

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Mining properties/options agreements

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

Rehabilitation provisions

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

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

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

The Company did not have any provisions as at April 30, 2014 and 2013.

Other provisions

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

The Company did not have any provisions as at April 30, 2014 and 2013.

Contingencies

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

Share capital

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

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

Warrants

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

Share-based payments

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

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

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

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

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

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. When options expire unexercised, the related amount in contributed surplus is transferred to retained earnings/deficit.

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 net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

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

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

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

Earnings/loss per share

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

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

Financial instruments

Financial Assets

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

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

a) Loans and receivables

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

b) Available-for-sale investments

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

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

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

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

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

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

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

Impairment of financial assets

The Company assesses 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 significant. Assets which are individually assessed for impairment for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

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

Financial liabilities

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

Accounts payable and accrued liabilities represent liabilities for goods and services provided to the Company prior to the end of the year which are unpaid.

Derecognition

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

Offsetting of financial instruments

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

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined at each reporting date 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 arm's length market transactions, reference to the current fair value of a similar instrument, discounted cash flow analysis or other valuation model.

Segment reporting

The Company has one reportable operating segment, being that of acquisition and exploration of mineral properties.

Standards, Amendments and Interpretations Not Yet Effective

At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended April 30, 2014:

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, is part of the IASB's wider project to replace IAS 39 – Financial Instruments: Recognition and Measurement. This standard presents two measurement categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flows' characteristics of the financial asset. Furthermore, the standard introduces a single forward-looking expected credit loss impairment model.

The standard is effective for the annual period beginning on or after January 1, 2018. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 - Revenue, IAS 11 - Construction contracts and other revenue related interpretations. IFRS 15 provides for a single five-step model that applies to contracts with customers. The proposed framework establishes principles for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The new standard is effective for the annual period beginning on January 1, 2018. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

IFRS 16, Leases

In January 2016, IASB issued the new standard IFRS 16 - Leases which replaces the previous standard, IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer/lessee and the supplier/lessor. More specifically, IFRS 16 is requiring assessing whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time. In such cases, leases are capitalized as "right-of-use assets" or as "property, plant and equipment". Therefore, the new requirement eliminates the classification of leases as either operating leases or finance leases for a lessee.

The new standard is effective for the annual period beginning on January 1, 2019. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Critical accounting estimates and judgments

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

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

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

1) Rehabilitation provisions

As at April 30, 2014 and 2013, the Company has not provided for any rehabilitation cost as it believes that the current stage of exploration activity does not create significant rehabilitation responsibilities.

2) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Subsequent to April 30, 2014 the Company disposed of its interests in mineral properties.

3) Income Taxes

The Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. As at April 30, 2014 and 2013, the Company did not recognize deferred tax assets on the basis that it is not probable that the deferred tax assets will be realized.

4. Bottle Creek Exploration LLC ("BCE")

On March 25, 2011, the Company acquired from a related party a 60% interest in BCE. On August 10, 2012, BCE was dissolved, with the Company retaining its 60% interest in the Bottle Creek exploration claims only. For the year ended April 30, 2013, the deconsolidation of BCE resulted in a loss on de-recognition of assets and liabilities of $21,016 for the year summarized as follows:

Cash and cash equivalents	$	2,671
Reclamation bond		18,636
Accounts payable and accrued liabilities		(2,958)
Non-controlling interest and other		2,667
Total	$	21,016

5. Exploration and evaluation properties

Bottle Creek

Upon the dissolution of BCE, the Company retaining a 60% interest in the exploration claims only. Another company is primary operator for exploration of the properties. On March 8, 2016, the Company entered into an agreement surrendering its interest in the exploration claims for $15,000.

Ryepatch

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

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

On August 17, 2011, the Company entered into a definitive Option Lease Agreement with GRC which could be terminated by the Lessee at any time by giving written notice.

The terms of the definitive Option Lease Agreement were:

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

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

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

During the year ended April 30, 2014, the Company incurred exploration and evaluation expenditures of $48,671 (2013 - $119,984) on this project. As at April 30, 2014, no commercially viable mineral reserve has been found on this project and as a result the Company has expensed the exploration and evaluation expenditures.

*On May 25, 2015, the Company entered into an agreement surrendering its interest in the Ryepatch properties for proceeds of $Nil. Therefore, the amount due on the 3rd anniversary was forgiven.

6. Reclamation bond

On February 21, 2013, the Company remitted a bond in the amount of US$5,062 to the BLM in the United States. The bond was required in order to obtain the right for disturbance of public land in Nevada related to the Ryepatch project. The bond does not relieve the Company of the potential environmental liabilities for improper disposal of hazardous waste, unauthorized disposal of debris, the spilling of oil, noxious fluids and chemicals on the ground. Once the drill program is completed and the status of the site reviewed by the BLM, the Company is eligible to recover all or part of the bond remitted dependent on the existing condition of the drill site.

7. Accounts payable and accrued liabilities

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

	As at April 30, 2014 $	As at April 30, 2013 $
Accounts payable	**68,715**	396,188
Accrued liabilities	**15,000**	57,000
Goods and Services Tax/Harmonized Sales Tax payable	**-**	73
Total accounts payable and accrued liabilities	**83,715**	453,261

Accounts payable and accrued liabilities aged analysis:

	Accounts payable and accrued liabilities as at April 30, 2014	Accounts payable and accrued liabilities as at April 30, 2013
Not more than 3 months	$ 17,861	$ 62,150
More than 3 months but not more than 6 months	23,708	44,223
More than 6 months but not more than 1 year	40,562	125,063
More than 1 year	1,584	221,825
Total	**$ 83,715**	$ 453,261

Terms and conditions of the above financial liabilities:

1) Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30 to 180 day terms;
2) Included in accounts payable and accrued liabilities are $Nil (2013 - $39,712) due to related parties. These amounts are non-interest bearing, unsecured and due on demand (Note 12).
3) Included in accounts payable and accrued liabilities as at April 30, 2014 are $Nil (2013 - $28,000) accrued to Directors and Officers as retainers (Note 12).
4) Included in accounts payable and accrued liabilities is $Nil (2013 - $20,000) related to the Ryepatch property agreement (Notes 5 and 17).
5) During the year ended April 30, 2014, the Company entered into agreements to settle accounts payable balances in the amount of $357,696 (2013 - $50,676) related primarily to its prior business that had remained unpaid for several years. This resulted in the recognition of other income of $292,713 (2013 - $50,676.) As well, there was an agreement with a creditor whereby the Company will pay to the creditor 2% of any income or new capital received to a maximum of $20,700. This amount is reflected in accounts payable.

8. Convertible debenture

On May 30, 2012, the Board of Directors of the Company and Rosehearty Energy Inc. ("Rosehearty") (formerly Galahad Metals Inc.) approved the issuance of a convertible, unsecured debenture with the principal amount of $186,419 to settle amounts payable to Rosehearty of $186,419. The debenture bears interest at the rate of 10% per annum, with interest payable annually on May 30 of each year, and has a maturity date of May 30, 2017 (the "Maturity Date"). The debenture is convertible into common shares at the holder's option at any time after May 30, 2014 until the Maturity Date at a conversion price equal to $0.50 per share, adjusted for share consolidations, splits and other transactions affecting the common shares of the Company subsequent to the issuance date of the debenture. Interest is payable annually on May 30 of each year in cash or common shares of Red Ore at its sole discretion based on the closing price of the shares the day prior to the interest payment date, and if the shares are not listed at a price determined, by the Board of Directors of Red Ore, which represents the fair market value of the shares

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

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

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

		May 30, 2012
Long-term liability, net of transaction costs	$	155,174
Equity component - conversion option, net of transaction costs		31,245
Face value	$	186,419

The following table sets forth a reconciliation of the convertible debenture as at April 30, 2014:

	Face Value	Debt Component	Equity Component
	$	**$**	**$**
Balance at May 30, 2012 (date of issuance)	186,419	155,174	31,245
Accrued interest*	-	-	-
Accretion on convertible debenture - April 30, 2013	-	4,248	-
- April 30, 2014		5,271	
	186,419	**164,693**	**31,245**

*As at April 30, 2014, the Company accrued $18,642 (2013 - $17,088) of interest on the convertible debenture, which was waived by Rosehearty and is reflected in other income.

9. Share capital and reserves

a) Common shares

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

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

At April 30, 2014, the Company has 21,830,227 (2013 - 19,813,939) common shares issued and outstanding.

b) Preferred shares

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

There were no issuances of preferred shares during the years ended April 30, 2014 and April 30, 2013.

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

c) Share issuances

2014

On June 30, 2013, the Company issued 200,000 units to investors at a price of $0.10 per unit for gross proceeds of $20,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share expiring on June 30, 2015.

On August 21, 2013 the Company 250,000 common shares with a deemed value of $0.10 per shares as part of a settlement of accounts payable.

On August 31, 2013, the Company issued 800,000 units to investors at a price of $0.10 per unit for gross proceeds of $80,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share expiring on August 31, 2015.

On October 18, 2013, the Board of Directors of the Company extended the expiry date from November 1, 2013 to November 1, 2014 for 6,884,500 share purchase warrants (the "Warrants").

On October 31, 2013, the Company issued 100,000 units to investors at a price of $0.10 per unit for gross proceeds of $10,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share expiring on October 31, 2015

On November 21, 2013, the Company issued 50,000 common shares with a deemed value of $0.10 per share as payment on the land management agreement for the Ryepatch property (Notes 12 and 20).

On January 14, 2014 the Company issued 106,288 common shares with a deemed value of $0.10 in settlement of accounts payable (Note 12).

The Company issued 510,000 common shares with a deemed value of $0.10 to the Chief Executive Officer as compensation for services.

<u>2013</u>

On September 21, 2012, the Company issued 120,000 units to investors at a price of $0.10 per unit for gross proceeds of $12,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share expiring on September 21, 2014.

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

On October 9, 2012, the Company issued 550,000 units to investors at a price of $0.10 per unit for gross proceeds of $55,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share expiring on October 9, 2014.

On November 21, 2012, the Company issued 50,000 common shares with a deemed value of $0.10 per share as payment on the land management agreement for the Ryepatch property (Notes 14 and 20).

On November 21, 2012, the Company issued 550,000 units to investors at a price of $0.10 per unit for gross proceeds of $55,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share expiring on November 21, 2014.

On March 18, 2013, the Company issued 100,000 units to investors at a price of $0.10 per unit for gross proceeds of $10,000 as part of a private placement. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share of the Company at a price of $0.15 per common share exercisable with the warrants expiring on March 18, 2015.

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

d) Warrants

As at April 30, 2014, the Company had a total of 9,304,500 (2013 – 10,074,500) common share warrants issued and outstanding. The following is a summary of changes in warrants for the years ended April 30, 2014 and 2013:

	April 30, 2014		April 30, 2013	
	Number of warrants	**Weighted average exercise price $**	Number of warrants	Weighted average exercise price $
Outstanding, beginning	**10,074,500**	**0.21**	8,754,500	0.24
Granted	**1,100,000**	**0.15**	1,320,000	0.15
Expired	**(1,870,000)**	**0.30**	-	-
Outstanding, end of year	**9,304,500**	**0.19**	10,074,500	0.21

	Number of Warrants	**Dollar value if Exercised**
Balance April 30, 2012	**8,754,500**	**$ 2,124,900**
Warrants issued in the September 2012 private placement	120,000	18,000
Warrants issued in the October 2012 private placement	550,000	82,500
Warrants issued in the November 2012 private placement	550,000	82,500
Warrants issued in the March 2013 private placement	100,000	15,000
Balance April 30, 2013	**10,074,500**	**$ 2,322,900**
Warrants issued in the June 30, 2013 private placement	200,000	30,000
Warrants issued in the August 31, 2013 private placement	800,000	120,000
Warrants issued in the October 31, 2013 private placement	100,000	15,000
Warrants expired	(1,870,000)	(748,000)
Balance, April 30, 2014	**9,304,500**	**$ 1,739,900**

As at April 30, 2014, the Company had warrants issued and outstanding as follows:

Number of warrants	**Exercise price**	**Expiry**
6,884,500	$0.20	November 1, 2014 *
120,000	$0.15	September 21, 2014
550,000	$0.15	October 9, 2014
550,000	$0.15	November 21, 2014
100,000	$0.15	March 18, 2015
200,000	$0.15	June 30, 2015
800,000	$0.15	August 31, 2015
100,000	$0.15	October 31, 2015

* Extended from Nov 1, 2013

10. Stock options

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

157,500 stock options were forfeited during the year. There were no other stock options granted, forfeited, cancelled or expired during the years ended April 30, 2014 and 2013.

Stock options outstanding are as follows:

	Exercise Price		Options Outstanding	Weighted Average Remaining Contractual Life (years)	Options Vested	Options Unvested
January 10, 2015	$	0.10	1,192,500	0.70	1,192,500	
January 31, 2015	$	0.10	200,000	0.76	200,000	-
			1,392,500	**0.71**	**1,392,500**	-

The above options expired unexercised.

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

	Number	Weighted Average Exercise Price
Outstanding, April 30, 2013 and April 30, 2012	1,550,000	0.10
Forfeited	157,500	0.10
Outstanding April 30, 2014	**1,392,500**	**0.10**

11. General and administrative expenses

	April 30, 2014	April 30, 2013
	$	$
Rent (Note 12)	**7,277**	2,800
Phone, utilities, supplies and other	**4,298**	33,579
Insurance	**3,858**	3,639
Website, internet and printing	**375**	1,620
Contractor fees (Note 12)	**13,668**	25,175
Total	**29,476**	66,813

12. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company considers Rosehearty Energy Inc. (formerly Galahad Metals Inc.) to be a related company due to common directors and management.

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, and President. Key management remuneration includes the following:

	April 30, 2014	April 30, 2013
Short-term key management benefits		
Compensation including bonuses	**$ 51,000**	$ 149,370

The Company has no employees. Compensation fees are paid/accrued to key management personnel which include the Chief Executive and Chief Financial Officer, President, Vice president of Exploration, Corporate Secretary and the Board of Directors. The Company has incurred directors fees and stipends of $Nil for the year ended April 30, 2014 (2013 - $27,000). Included in accounts payable and accrued liabilities is $Nil (2013 - $28,000) payable to directors of the Company as at April 30, 2014 (Note 7). The $28,000 amount was forgiven by the directors during the year ended April 30, 2014 and is reflected in other income.

Related party transactions:

(1) the former CFO professional fees of $25,410 (2013- $41,565) and office rent of $7,277 (2013 - $2,800)
(2) the Corporate Secretary contract service costs of $155 (2013 - $8,147).
(3) the former Vice President of Exploration fees of $Nil (2013 - $69,208) included in exploration and evaluation expenditures.
(4) the former President of the company - settlement of accounts payable of $10,628 for 106,288 common shares valued at $0.10 per share.
(5) the Chief Executive Officer was issued 510,000 common shares valued at $0.10 per share as compensation for services.
(6) The Chief Executive Officer advanced the company $63,145, (2013 $Nil), which amount has no specified terms of repayment, is unsecured and non-interest bearing and is presented as due to related party.
(7) a company controlled by the former Vice President of Exploration was paid $20,000 (2013 - $20,000) and issued 50,000 (2013 - 50,000) common shares of the company valued at $0.10 per share for land management fees, which amounts have been included in exploration and evaluation expenditures.
(8) At April 30, 2013, the Company has a long term convertible note with a face value $186,419 (2013 - $186,419) payable to Rosehearty Energy Inc.(Note 8). The convertible debt has accrued interest of $18,642 (2013- $17,088) which has been waived by Rosehearty and is reflected in other income. The Company recognized accretion expense of $5,271 (2013 - $4,248) related to the convertible note.

13. Income taxes

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate for the full financial year applied to the pre-tax income of the interim period. The Company's effective tax rate for the year ending April 30, 2014 was 26.5% (2013 – 26.5%).

	Year ended April 30 2014 $	Year ended April 30 2013 $
Income (loss) before income taxes	**85,023**	(429,051)
Statutory rate	**26.0%**	26.0%
Expected expense (recovery) of income tax	22,106	(111,553)
Non-deductible amounts	1,397	3,614
Utilization of prior years' losses	(23,503)	
	-	(107,939)
Effect of change in enacted future tax rates	-	(21,579)
Effect of difference in foreign tax rates	**-**	(144)
Effect of change in prior year provisions to actual	**-**	(21,808)
Deferred tax assets not recognized	**-**	151,470
Deferred income taxes	**-**	-

The nature and tax effect of the temporary differences giving rise to the deferred income tax assets and liabilities at April 30, 2014 and 2013 are summarized as follows:

Deferred tax assets	**As at April 30, 2014**	As at April 30, 2013
Share issue costs	**7,942**	7,942
Loss carry forwards	**329,238**	352,741
Unrecognized deferred tax asset	**$337,180**	$ 360,683

As at April 30, 2014, 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	$ 209.030
2012	20	2032	771,508
2013	20	2033	285,765
Total			**$ 1,266,303**

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. Net income (loss) per share

The calculation of the basic and diluted income per share for the years ended April 30, 2014 and 2013, was based on the income (loss) attributable to common shareholders of the parent of $85,023 (2012 – $(428,283) and the weighted average number of common shares outstanding of 20,859,333 (2013 – 19,101,035). The basic and diluted losses per share were considered to be the same as the exercise of stock options and warrants and the conversion of convertible debt would be anti- dilutive.

15. Financial instruments

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

	Financial Instrument Classification	**Carrying amount $**	**Fair value $**
Financial assets			
Accounts receivable	Loans and receivable	955	955
Financial liabilities			
Bank overdraft	Other financial liabilities	1,000	1,000
Accounts payable	Other financial liabilities	83,715	83,715
Due to related party	Other financial liabilities	63,145	63,145
Convertible debt	Other financial liabilities	164,693	164,693

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

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. As at April 30, 2013, the Company's convertible debenture has been classified as level 2 financial instruments.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at April 30, 2013, the Company does not have any Level 3 financial instruments.

As at April 30, 2014	**Level 1** **$**
Financial liabilities at fair value	
Bank overdraft	1,000
Total level financial assets at fair value	**(1,000)**

As at April 30, 2013	**Level 1** **$**
Financial assets at fair value	
Cash	8,636
Total level financial assets at fair value	**8,636**

Cash in the bank

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

Convertible debenture

The fair value of the convertible debenture was calculated using a market interest rate for an equivalent non-convertible debenture of 15%. The discount on the debentures is being accreted such that the liability at maturity will equal the face value of $186,419 (Note 8).

Financial risk management and objectives

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

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

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

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company currently does not have any outstanding interest bearing assets. The Company has an outstanding convertible debenture with a related party. The debenture has a fixed interest rate at 10% with annual payments. As a result the Company does not have any exposure to fluctuations in the interest rate. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts.

<u>Foreign currency risk</u>

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

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

	Short-term exposure April 30, 2014		Short-term exposure April 30, 2013	
Financial assets	US$	-	US$	818
Financial liabilities		-		(40,420)
Total exposure	US$	-	US$	(39,422)

Credit risk

Credit risk arises due to the potential for one party to a financial instrument to fail to discharge it obligations and cause the other party to suffer a loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents of $(1,000) (2013 - $8,636) which are held with reputable banks with high quality external credit ratings.

Liquidity risk

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

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

Funding for long term liquidity needs is based on the ability of the company to successfully complete private placements as well as, in certain cases, to pay the outstanding balances owed in shares of the Company rather than in cash.

As at April 30, 2014, the Company had a bank overdraft of $(1,000) and current liabilities of $147,860.

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

Fair value of financial instruments

Financial instruments consist of cash, bank overdraft, accounts payable, due to related party and convertible debenture. At April 30, 2014 and 2013, there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values.

16. Segmented information

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

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

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

- United States of America – Exploration activities
- Canada - Corporate operations

	Canada $	United States $	Total $
Net income (loss)			
As at April 30, 2014	**137,963**	**(52,940)**	**85,023**
As at April 30, 2013	(427,130)	(1,921)	(429,051)
Current assets			
As at April 30, 2014	**3,205**	**-**	**3,205**
As at April 30, 2013	16,683	-	16.683
Reclamation bond			
As at April 30, 2014	**-**	**5,062**	**5,062**
As at April 30, 2013	**-**	5,062	5,062

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

17. Contingencies and commitments

1) The Company's operations are governed by governmental laws and regulations regarding environmental protection. Environmental consequences are difficult to both predict and identify, in terms of level, impact or timeline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations in effect. Restoration costs will be accrued in the financial statements only when they will be reasonably estimated and will be charged to the earnings at the time.

2) The Company has a contingent obligation arising from a settlement with a creditor (Note 7) whereby the Company will pay to the creditor 2% of any income or new capital received to a maximum of $20,700. This amount is reflected in accounts payable.

18. Supplemental cash flow information

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

Cash and cash equivalents comprise:

	2014 $	2013 $
Bank overdraft	(1,000)	-
Cash	-	8,636

During the year ended April 30, 2014, the Company issued a total of 50,000 (2013 – 50,000) common shares valued at $5,000 (2013 - $5,000), at an average price of $0.10 per share pursuant to the land management agreement related to the Ryepatch property (Notes 7 and 12).

During the year ended April 30, 2014, the Company settled accounts payable balances in the amount of $357,696 (2013 - $50,676) related primarily to its prior business that had remained unpaid for several years. The settlements resulted in non-cash other income of $292,713.

During the year ended April 30, 2014, the Company accrued $18,642 (2013 -$17,088) of interest on the convertible debenture, which was waived by Rosehearty and included in other income.

During the year ended April 30, 2014, the Company wrote off accounts payable in the amount of $Nil (2013 - $37,780) related to a balance owing to Rosehearty.

During the year ended April 30, 2014 the Company wrote off accounts receivable balances in the amount of $Nil (2013 - $12,045) related primarily to input tax credits that were not claimable.

19. Capital management

The Company's capital structure has been defined by management as being comprised of shareholders' equity). 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. The Company's approach to capital management has not changed over the last year.

20. Subsequent events not otherwise disclosed

The following events occurred subsequent to April 30, 2014:

On November 30, 2014 the status of the Company' subsidiary Red Ore Gold Nevada was revoked by the State of Nevada and that company no longer exists. The Company has no intention of taking any steps to reverse that revocation.

On May 25, 2015, the Company entered into an agreement terminating its interest in the Rye Patch mineral properties.

On March 8, 2016 the Company entered into an agreement terminating its interest in the BCE properties for proceeds of $15,000.