Red Ore Gold Inc.

Condensed Interim Financial Statements

January 31, 2016

NOTICE TO READER

The accompanying condensed interim financial statements of the Red Ore Gold Inc. as at and for the three and nine months ended January 31, 2016, have been prepared by management and approved by the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Red Ore Gold Inc.

Condensed Interim Statements of Financial Position

	Notes	As at January 31, 2016	As at April 30, 2015
		$	$
Assets			
Current assets:			
Cash		**1,602**	28
Accounts receivable		**2,197**	1,742
Total assets		**3,799**	1,770
Liabilities and shareholders' deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	4	**136,747**	82,262
Due to related party	9	**81,945**	82,645
Total current liabilities		**218,692**	167,907
Convertible debenture	5	**173,918**	169,965
Total liabilities		**392,610**	334,872
Shareholders' deficiency			
Share capital	6	**1,551,571**	1,551,571
Contributed surplus		**84,198**	84,198
Accumulated deficit		**(2,024,580)**	(1,968,871)
Total shareholders' deficiency		**(388,811)**	(333,102)
Total liabilities and shareholders' deficiency		**3,799**	1,770

Nature of Operations and Going Concern (Note 1)
Contingencies and Commitments (Note 11)

Approved by the Board of Directors:

Signed "Larry Hoover" — Director

Signed "Robin Dow" — Director

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

Red Ore Gold Inc.
Condensed Interim Statements of Loss

	Notes	**Three months ended January 31, 2016**	Three months ended January 31, 2015	**Nine months ended January 31, 2016**	Nine months ended January 31, 2015
		$	$	**$**	$
Expenses					
Regulatory, exchange, AGM, press release and transfer agent fees		**-**	520	**-**	1,598
Professional fees		**8,300**	10,000	**15,248**	13,500
Accretion expense	5	**1,318**	1,318	**3,954**	3,954
General and administrative	8	**600**	809	**1,800**	23,235
Finance costs		**4,660**	4,436	**14,007**	12,242
Net loss for the period		**(14,878)**	(17,083)	**(35,009)**	(37,916)
Income (loss) per share					
Income (loss) per common share:					
Basic and diluted		**(0.001)**	(0.000)	**(0.002)**	(0.002)
Weighted average number of common shares outstanding:					
Basic and diluted		21,830,227	21,830,227	21,830,227	21,830,227

RED ORE GOLD INC.
Interim Condensed Statements of Changes in Shareholders' Deficiency

	Number of common shares outstanding	Share Capital	Contributed Surplus	Deficit	Total
Balance at April 30, 2014	**21,830,227**	**1,551,571**	**211,703**	**(2,067,560)**	**(304,286)**
Loss for the period				(13,694)	(13,694)
Balance at July 31, 2014	21,830,227	1,551,571	211,703	(2,081,254)	(317,980)
Loss for the period				(7,137)	(7,137)
Balance at October 31, 2014	21,830,227	1,551,571	211,703	(2,088,391)	(325,117)
Loss for the period				(17,083)	(17,083)
Expiry of stock options			(127,505)	127,505	-
Balance at January 31, 2015	21,830,227	1,551,571	84,198	(1,977,970)	(342,201)
Loss for the period				(11,601)	(11,601)
Balance at April 30, 2015	**21,830,227**	**1,551,571**	**84,198**	**(1,989,571)**	**(353,802)**
Loss for the period				(9,044)	(9,044)
Balance at July 31, 2015	21,830,227	1,551,571	84,198	(1,998,614)	(362,846)
Loss for the period				(11,087)	(11,087)
Balance at October 31, 2015	21,830,227	1,551,571	84,198	(2,009,701)	(373,933)
Loss for the period				(14,878)	(14,878)
Balance at January 31, 2016	**21,830,227**	**1,551,571**	**84,198**	**(2,024,580)**	**(388,811)**

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

Red Ore Gold Inc.

Condensed Interim Statements of Cash Flows

	Nine months ended January 31, 2016 $	Nine months ended January 31, 2015 $
Cash flows from operating activities		
Net loss for the period	**(35,009)**	(37,916
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion expense	**3,954**	3,954
Change in non-cash working capital balances:		
Accounts receivable	**(455)**	(643)
Prepaid expenses	**-**	2,250
Accounts payable and accrued liabilities	**33,784**	10,905
Total cash outflows from operating activities	**2,274**	(21,450)
Cash flows from financing activities		
Due to related party	**(700)**	21,000
Total cash inflows from financing activities	**1,574**	154,774
Total increase (decrease) in cash during the period	**1,574**	(450)
Cash and cash equivalents - Beginning of period	**28**	(1,000)
Cash and cash equivalents - End of the period	**1,602**	(1,450)

Supplemental cash flow information (Note 13)

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

1. Nature of operations

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

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

As at January 31, 2015, the Company's shares were not listed on any exchange. The office of the Company is located at #206 - 2290 Marine Drive, West Vancouver, British Columbia, V7V 1K4.
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Going concern

The 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 January 31, 2016 the Company had cash of $1,602 (April 30, 2015 - $28), a working capital deficiency of $214,893 (April 30, 2015 - $163,137) and an accumulated deficit of $2,024,580 (April 30, 2015 - $1,968,871).

The Company's solvency, ability to meet its liabilities as they become due and to continue its operations, is currently essentially solely dependent on funding provided by one investor. If the investor is unwilling to provide ongoing funding to the Company and/or if the Company is unable to raise additional capital in the immediate future, the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. This material uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. These 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 condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed interim financial statements have been prepared in accordance with the same accounting policies and methods of application as the most recent audited financial statements for the year ended April 30, 2015, except they do not include all the information required for annual audited financial statements. These financial statements should be read in conjunction with the consolidated financial statements of the Company for the year ended April 30, 2015.

These condensed interim 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 10. The functional and reporting currency of the Company is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Basis of consolidation

The Company consolidated the operations of its former subsidiary RNV from May 1, 2014 to November 15, 2014. On that date, the status of the subsidiary was revoked by the State of Nevada and that company no longer exists. Accordingly the Company deconsolidated RNV on November 15, 2014 with no resultant gain or loss.

3. Exploration and evaluation properties

Bottle Creek

The Company has a 60% interest in the Bottle Creek exploration claims in Nevada, USA. Another company is the primary operator for exploration of the properties. Subsequent to April 30, 2015, the Company entered into an agreement surrendering its interest in the exploration claims for $15,000..

Rye Patch

The Ryepatch property in Pershing County, Nevada is 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 May 25, 2015, the Company entered into an agreement surrendering its interest in the Ryepatch properties for proceeds of $Nil.

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4. Accounts payable and accrued liabilities

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

	As at January 31, 2016	As at April 30, 2015
	$	$
Accounts payable	**53,307**	30,202
Accrued liabilities	**52,400**	35,000
Accrued interest on convertible debt	**31,040**	17,059
Total accounts payable and accrued liabilities	**136,747**	82,261

Accounts payable and accrued liabilities aged analysis:

	Accounts payable and accrued liabilities as at January 31, 2016	Accounts payable and accrued liabilities as at April 30, 2015
Not more than 3 months	**$ 16,935**	$ 38,879
More than 3 months but not more than 6 months	**9,839**	499
More than 6 months but not more than 1 year	**11,672**	2,792
More than 1 year	**98,301**	40,091
Total	**$ 136,747**	$ 82,261

Terms and conditions of the above financial liabilities:

1) Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30 to 60 day terms;
2) Included in accounts payable and accrued liabilities are $3,700 (April 30, 2015 - $1,500) due to related parties. These amounts are non-interest bearing, unsecured and due on demand

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5. Convertible debenture

1) On May 30, 2012, the Board of Directors of the Company and Galahad Metals Inc. ("Galahad") approved the issuance of a convertible, unsecured debenture with the principal amount of $186,419 to settle amounts payable to Galahad of $186,419. The debenture bears interest at the rate of 10% per annum, with interest payable annually on May 30 of each year, and has a maturity date of May 30, 2017 (the "Maturity Date"). The debenture is convertible into common shares at the holder's option at any time after May 30, 2014 until the Maturity Date at a conversion price equal to $0.50 per share, adjusted for share consolidations, splits and other transactions affecting the common shares of the Company subsequent to the issuance date of the debenture. Interest is payable annually on May 30 of each year in cash or common shares of Red Ore at its sole discretion based on the closing price of the shares the day prior to the interest payment date, and if the

shares are not listed at a price determined, by the board of directors of Red Ore, which represents the fair market value of the shares.

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

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

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

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

The following table sets forth a reconciliation of the convertible debenture as at January 31, 2015:

	Face Value	Debt Component	Equity Component
	$	$	$
Balance at April 30, 2012	186,419	155,174	31,245
Accretion on convertible debenture - April 30, 2015	-	14,790	-
Balance at April 30, 2015	**186,419**	**169,964**	**31,245**
Accretion on convertible debenture- Jan 31, 2016	-	3,954	-
Balance at January 31, 2016	**186,419**	**173,918**	**31,245**

6. Share capital and reserves

a) Common shares

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

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

At January 31, 2016, the Company has 21,830,227 (April 30, 2015 - 21,830,227) common shares issued and outstanding.

b) Preferred shares

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

There were no issuances of preferred shares during the nine months ended January 31, 2016 and the year ended April 30, 2015 As at January 31, 2016, the Company has no preferred shares outstanding (April 30, 2015 – Nil).

c) Share issuances

Three and nine months ended January 31, 2015

There were no share issuance in the nine months ended January 31, 2016 and the year ended April 30, 2015.

d) Warrants

As at January 31, 2016 the Company had a total of Nil (April 30, 2015 – 1,100,000) common share warrants issued and outstanding. The following is a summary of changes in warrants:

	January 31, 2016		April 30, 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning	**1,100,000**	**015**	2,420,000	0.21
Expired	**(1,100,000)**	**0.15**	(1,320,000)	0.24
Outstanding, end of period	**Nil**	**0.00**	1,100,000	0.15

7. 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.

At January 31, 2016 and April 30, 2015, there are Nil stock options outstanding.

During the year ended April 30, 2015, there were no stock options granted and 1,550,000 stock options with an exercise price of $0.10 per common share expired unexercised in January, 2015

8. General and administrative expenses

	January 31, 2016	January 31, 2015
Rent	**$ 1,600**	$ 2,134
Phone, utilities, supplies and other	**-**	816
Insurance	**-**	2,250
Website, internet and printing	**-**	15
Contractor fees	**200**	1,407
Total	**$ 1,800**	$ 6,622

9. 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.("Rosehearty") (formerly Galahad Metals Inc.) and Agro Phosphate Inc. ('Agro") to be related companies 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, Key management remuneration includes the following:

	January 31, 2016	January 31, 2015
Short-term key management benefits		
Compensation including bonuses	**$ -**	$ -

The Company has no employees. Compensation fees are paid/accrued to key management personnel which include the Chief Executive and Chief Financial Officer, Corporate Secretary and the Board of Directors. The Company has incurred no directors fees and stipends for the periods ended January 31, 2016 and 2014. Included in accounts payable is $1,500 (2014 _ $1,500 for an advance owing to Agro, $2,200 for an advance from a director and $31,040 (2014 - $12,398) for accrued interest on the debenture owing to Rosehearty(Note 5).

Related party transactions :

(1) the Corporate Secretary contract service costs of $Nil (2015 - $791).
(2) the Chief Executive Officer advanced the company $Nil, (April 30, 2015 - $63,145), which amount has no specified terms of repayment, is unsecured and non interest bearing and is presented as due to related party.
(3) At January 31, 2016 the Company has a long term convertible note with a face value $186,419 (April 30, 2015 - $186,419) payable to Rosehearty Energy Inc.(Note 5). The convertible debt has accrued interest of $31,040 (2015 - $12,398l) which is reflected in accrued liabilities. The Company recognized depletion expense of $3,954 (2015 - $3,954) related to the convertible note.

10. Financial instruments

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

	Financial Instrument Classification	**Carrying amount $**	**Fair value $**
Financial Assets			
Cash	Fair value through profit and loss	1,602	1,602
Financial liabilities			
Accounts payable	Loans and borrowings	136,747	136,747
Convertible debt	Loans and borrowings	173,918	186,419
Due to related party	Loans and borrowings	81,945	81,945

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

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly. As at January 31, 2014, the Company's convertible loan and debenture have been classified as level 2 financial instruments.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data. As at January 31, 2016, the Company does not have any Level 3 financial instruments.

As at January 31, 2016	**Level 1 $**	**Level 2 $**
Financial assets at fair value	1,602	-
Financial liabilities at fair value		
Convertible debenture	-	186,419
Total	**1,450**	**186,419**

As at April 30, 2015	Level 1 $	Level 2 $
Financial assets at fair value	1,602	
Financial liabilities at fair value		
Convertible debenture	-	186,419
Total	**1,602**	**186,419**

Cash in the bank

The cash is held in reputable national banks and accordingly there is minimal credit risk.

Convertible debenture

The fair value of the convertible debenture was calculated using the Black Scholes model in which the difference between the principal value of the debt and the fair value of the liability component of $31,245 has been recorded as equity upon initial recognition. The discount on the debentures is being accreted such that the liability at maturity will equal the face value of $186,419 (Note 5).

Financial risk management and objectives

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

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

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

Interest rate risk

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

Foreign currency risk

The Company is not exposed to significant foreign exchange risk as all its operation are now in Canada.

Credit risk

The Company is not exposed to significant credit risk.

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.

5well as forecasted cash inflows and outflows due in day to day business. Liquidity is measured in various time bands, on day to day and week-to-week basis, as well as on long term liquidity needs over 180 day to 360 day look out periods.

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

As at January 31, 2016, the Company had cash of $1,602 and current liabilities of $218,692.

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

Fair value of financial instruments

Financial instruments consist of cash, accounts payable and convertible debenture. At January 31, 2016, and April 30, 2015 there were no significant differences between the carrying amounts reported on the balance sheet and their estimated fair values, except for the convertible debenture which has a carrying value of $173,918 (April 30, 2015 - $169,965) and a fair value of $186,419 (April 30, 2015 - $186,419).

11. 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 5) whereby the Company will pay to the creditor 2% of any income or new capital received to a maximum of $20,700.

12. Supplemental cash flow information

	January 31, 2016 $	January 31, 2015 $
Cash paid during the year for interest	-	-
Cash paid during the year for income taxes	-	-