Red Ore Gold Inc.

Condensed Interim Financial Statements

July 31, 2016

NOTICE TO READER

The accompanying condensed interim financial statements of the Red Ore Gold Inc. as at and for the three months ended July 31, 2016, have been prepared by management and approved by the Board of Directors of the Company. These condensed consolidated 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 July 31, 2016 $	As at April 30, 2016 $
Assets			
Current assets:			
Cash		**14,836**	59,277
Accounts receivable		**7,399**	3,282
Total current assets		**22,235**	62,559
Loan receivable	3	**15,000**	15,000
Total assets		**37,235**	77,559
Liabilities and shareholders' deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	5	**66,251**	163,240
Share subscriptions		**-**	74,250
Due to related parties		**16,880**	99,546
Total current liabilities		**83,131**	337,036
Convertible debenture		**-**	175,236
Total liabilities		**83,131**	512,272
Shareholders' deficiency			
Share capital	7	**2,042,181**	1,551,571
Contributed surplus		**31,245**	31,245
Accumulated deficit		**(2,119,322)**	(2,017,529)
Total shareholders' deficiency		**(45,896)**	(434,713)
Total liabilities and shareholders' deficiency		**37,235**	77,559

Nature of Operations and Going Concern (Note 1)
Contingencies and Commitments (Note 12)

Approved by the Board of Directors:

Signed "Patricia Purdy" 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 July 31, 2016**	Three months ended July 31, 2015
		$	$
Expenses			
Regulatory, exchange, AGM, press release and transfer agent fees		**48,335**	558
Professional fees		**37,824**	2,448
Accretion expense	6	**11,183**	1,318
General and administrative	9	**8,076**	600
Finance costs		**33**	4,678
Total expenses		**105,451**	9,044
Other income		**3,658**	-
Net Loss for the Period		**(101,793)**	(9,044)
Loss per share			
Loss per common share: Basic and diluted		**(0.005)**	(0.000)
Weighted average number of common shares outstanding: Basic and diluted		**22,168,193**	21,830,227

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

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

	Number of common shares outstanding	Share Capital	Contributed Surplus	Deficit	Total
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	(1,998,615)	(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)
Loss for the period				(45,902)	(45.902)
Expiry of stock options			(52,953)	52,953	
Balance at April 30,. 2016	**21,830,227**	**1,551,571**	**31,245**	**(2,017,529)**	**(434,713)**
Shares issued for cash	6,030,000	150,750			150,750
--Share issued - conversion of debenture	372,838	186,419			186,419
Shares issued - settlement of debt	5,932,933	153,441			153,441
Loss for the period				(101,793)	(101,793)
Balance at July 31, 2016	**34,165,998**	**2,042,181**	**31,245**	**(2,119,322)**	**(45,896)**

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

	Three months ended July 31, 2016 $	Three months ended July 31, 2015 $
Cash flows from operating activities		
Net income (loss) for the period	**(101,793)**	(9,044)
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion expense	**11,183**	1,318
Change in non-cash working capital balances:		
Accounts receivable	**(4,117)**	(78)
Prepaid expenses	**-**	1,350
Accounts payable and accrued liabilities	**(9,013)**	7,786
Total cash outflows from operating activities	**(103,740)**	(18)
Cash flows from financing activities		
Shares issued (net of subscription)	**58,500**	-
Due to related parties	**799**	-
		-
Total cash inflows from financing activities	**59,299**	-
Total decrease in cash during the period	**(44,441)**	(18)
Cash and cash equivalents - Beginning of period	**59,277**	28
Cash and cash equivalents - End of the period	**14,836**	10

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 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 July 31, 2016, 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 July 31, 2016 the Company had cash of $14,836 (April 30, 2016 - $59,277), a working capital deficiency of $80,896 (April 30, 2016 - $274,477) and an accumulated deficit of $2,119,322 (April 30, 2016 - $2,017,529).

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, 2016, 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, 2016.

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..

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3. Loan receivable

The Company has advanced $15,000 to VFP Therapies SAS (a French non related private company) which is unsecured and non-interest bearing with no specified terms of repayment. The Company is negotiating to acquire 100% of VFP through a proposed share exchange agreement.

4. Exploration and evaluation properties

Bottle Creek

The Company had 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.

5. Accounts payable and accrued liabilities

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

	As at July 31, 2016	As at April 30, 2016
	$	$
Accounts payable	**20,016**	71,119
Accrued liabilities	**46,235**	56,420
Accrued interest on convertible debt	**-**	35,701
Total accounts payable and accrued liabilities	**66,251**	163,240

Accounts payable and accrued liabilities aged analysis:

	Accounts payable and accrued liabilities as at July 31, 2015	Accounts payable and accrued liabilities as at April 30, 2016
Not more than 3 months	**$ 66,251**	$ 29,431
More than 3 months but not more than 6 months	**-**	9,753
More than 6 months but not more than 1 year	**-**	45,576
More than 1 year	**-**	78,480
Total	**$ 66,251**	$ 163,240

: Accounts payable and accrued liabilities are non-interest bearing and are normally settled on 30 to 60 day terms.

6. Convertible debenture

1) 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 bore interest at the rate of 10% per annum, with interest payable annually on May 30 of each year, and had a maturity date of May 30, 2017 (the "Maturity Date"). The debenture was 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 was 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 was recorded as equity upon initial recognition. The discount on the debenture was being accreted such that the liability at maturity would have equaled the face value of $186,419.

The allocation of the liability and equity components of convertible debt at issuance was 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

Effective May 4, 2016 Rosehearty elected to convert the debenture for shares of the Company. This resulted in the company recognizing the accretion of deferred discount in the amount of $11,183 in the three months ended July 31, 2016 and issuing 372,838 common shares to Rosehearty. Concurrently, the Company issued 1,249,800 common shares to Rosehearty in settlement of $31,245 in outstanding interest on the debenture.

7. 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 July 31, 2016, the Company has 34,165,998 (April 30, 2016 - 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 three months ended July 31, 2016 and the year ended April 30, 2016.

As at July 31, 2016, the Company has no preferred shares outstanding (April 30, 2016 – Nil).

c) Share issuances

On July 21, 2016 the Company issued 372, 838 shares upon the conversion of the payable debenture in the face amount of $186,419 (see Note 5):

On July 21, 2016 the Company issued 5,932,933 shares in settlement of $156,441 in accounts payable and accrued interest.

On July 31, 2016 the company issued 6,030,000 units for cash of $150,750. Each unit consisted of one common share and one share purchase warrant to acquire one Company common share for $0.033 for 24 months from date of issue.

There were no issuances of common shares in the years ended April 30, 2016 and 2015.

d) Warrants

As at July 31, 2016 the Company had a total of 6,030,000 (April 30, 2019 – Nil) common share warrants issued and outstanding. The following is a summary of changes in warrants:

	July 31, 2015		April 30, 2016	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning	**Nil**	**-**	1,100.000	0.15
Issued	**6,030,000**	**0.033**		
Expired	**-**	**-**	(1,100,000)	0.15
Outstanding, end of period	**6,030,000**	**0.033**	Nil	0.00

On July 31, 2016 the Company had warrants issued and outstanding as follows"

Number of Warrants	**Exercise price**	**Expiry**
6,030.000	$0.033	July 21, 2018

On July 31, 2015 the Company had warrants issued and outstanding as follows:

Number of Warrants	**Exercise price**	**Expiry**
200,000	$0.15	June 30, 2015
800,000	0.15	August 31, 2015
100,000	0.15	October 31, 2015
1,100,000	0.15	

8. 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 July 31, 2015 and April 30, 2016 and 2015, there are Nil stock options outstanding.

9. General and administrative expenses

	July 31, 2016	July 31, 2015
Rent	**$ 2,800**	$ 400
Phone, utilities, supplies and other	**2,680**	-
Website and internet	**472**	-
Contractor fees	**2,124**	200
Total	**$ 8,076**	$ 600

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

10. 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:

	July 31, 2016	July 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 July 31, 2016 and 2015. Included in accounts payable is (a) $6,008 (April 30, 2016 - $1,690) owing to the CEO, (b) $1,500 (April 30, 2016 $1,500) for an advance owing to Agro (c) $18,750 (April 30, 2016 - $18,750) owing to the CFO, and (d) $Nil (April 30, 2016 - $35,701) for accrued interest on the debenture owing to Rosehearty(Note 5).

Related party transactions :

(1) the Corporate Secretary contract service costs of $Nil (2015 - $Nil).
(2) the Chief Executive Officer advanced the company $15,180 (April 30, 2016 - $16,700), which amount has no specified terms of repayment, is unsecured and non interest bearing and is presented as due to related party. The CEO acquired 720,000 common shares for $18,000.
(3) The former Chief Executive Officer advanced the Company an aggregate of $Nil (April 30, 2016 - $81,145) which amount has no specified terms of repayment, is unsecured and non interest bearing and is presented as due to related party. The amount owing was settled by the issue of 3,277,800 common shares.
(4) At July 31, 2016 the Company has a long term convertible note with a face value $Nil (April 30, 2016 - $186,419) payable to Rosehearty Energy Inc.(Note 5). The convertible debt has accrued interest of $Nil (2016 - $4,660) which is reflected in accrued liabilities. The Company recognized accretion expense of $11,183 (2016 - $1,318) related to the convertible note.

11. Financial instruments

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

Financial instruments are 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 July 31, 2016, the Company does not have any 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 July 31, 2016, the Company does not have any Level 3 financial instruments.

At July 31, 2016 all of the company's financial instruments are measured at level 1.

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.

The Company is not exposed to significant interest rate, currency or 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.

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 July 31, 2016, the Company has cash of $14,836 and current liabilities of $83,131.

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.

12. Contingencies and commitments

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.

13. Supplemental cash flow information

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

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