Red Ore Gold Inc.

Financial Statements

April 30, 2016 and 2015

Red Ore Gold Inc.

Table of contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
RED ORE GOLD INC.

We have audited the accompanying financial statements of **RED ORE GOLD INC.**, which comprise the statements of financial position as at April 30, 2016, and April 30, 2015, and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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MAZARS

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **RED ORE GOLD INC.** as at April 30, 2016 and April 30, 2015, and its financial performance and its cash flows for the years 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 essentially 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.

Mazars Harel Drouin, LLP[1]

Montréal, August 29, 2016

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

Red Ore Gold Inc.

Statements of Financial Position

	Notes	As at April 30 2016 $	As at April 30 2015 $
Assets			
Current assets:			
Cash		**59,277**	28
Accounts receivable		**3,282**	1,742
Total current assets		**62,559**	1,770
Loan receivable	4	**15,000**	-
Total assets		**77,559**	1,770
Liabilities and shareholders' deficiency			
Current liabilities:			
Accounts payable and accrued liabilities	6,12	**163,240**	102,962
Share subscriptions	7	**74,250**	
Due to related parties	12	**99,546**	82,645
Total current liabilities		**337,036**	185,607
Convertible debenture	8	**175,236**	169,965
Total liabilities		**512,272**	355,572
Shareholders' deficiency			
Share capital	9	**1,551,571**	1,551,571
Contributed surplus		**31,245**	84,198
Accumulated deficit		**(2,017,529)**	(1,989,571)
Total shareholders' deficiency		**(434,713)**	(353,802)
Total liabilities and shareholders' deficiency		**77,559**	1,770

Nature of Operations and Going Concern	1
Contingencies and Commitments	16
Subsequent Events	19

Approved by the Board of Directors:

Director

Director

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

Red Ore Gold Inc.
Statements of Loss and Comprehensive Loss

	Notes	**Year ended April 30, 2016 $**	Year ended April 30, 2015 $
Expenses			
Promotion and investor conference		**2,974**	-
Regulatory, exchange, AGM, press release and transfer agent fees		**14,866**	1,598
Professional fees		**35,488**	18,500
General and administrative	11	**18,515**	8,289
Net loss before other items		**(71,843)**	(28,387)
Other items			
Finance costs and bank charges	8	**(24,068)**	(22,242)
Foreign exchange gain		**-**	1,113
Other income		**15,000**	-
		(9,068)	(21,129)
Net loss and comprehensive loss for the year		**(80,911)**	(49,516)
Loss per share			
Loss per common share: Basic and diluted		**(0.004)**	(0.002)
Weighted average number of common shares outstanding: Basic and diluted		**21,830,227**	21,830,227

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

Red Ore Gold Inc.
Statement of Changes in Shareholders Deficiency

	Number of common shares outstanding	Share Capital $	Contributed Surplus $	Deficit $	Total $
Balance as at April 30, 2014	**21,830,227**	**1,551,571**	**145,793**	**(2,001,650)**	**(304,286)**
Loss for the year	-	-	-	(49,516)	(49,516)
Expiry of stock options	-	-	(114,548)	114,548	-
Balance as at April 30, 2015	**21,830,227**	**1,551,571**	**31,245**	**(1,936,618)**	**(353,802)**
Loss for the year				(80,911)	(80,911)
Balance as at April 30, 2016	**21,830,227**	**1,551,571**	**31,245**	**(2,017,529)**	**434,713**

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

Red Ore Gold Inc.
Statements of Cash Flows

	Year ended April 30, 2016 $	Year ended April 30, 2015 $
Cash flows from operating activities		
Net loss for the year	**(80,911)**	(49,516)
Adjustments to reconcile loss to net cash used in operating activities:		
Accretion expense	**5,271**	5,271
Change in non-cash working capital balances:		
Accounts receivable	**(1,540)**	(787)
Loan receivable	**(15,000)**	-
Prepaid expenses	**-**	2,250
Reclamation bond	**-**	5,062
Accounts payable and accrued liabilities	**53,278**	19,248
Total cash outflows from operating activities	**(38,902)**	(18,472)
Cash flows from financing activities		
Share subscriptions	**74,250**	-
Due to related parties	**16,901**	19,500
Total cash inflows from financing activities	**91,151**	19,500
Total increase in cash during the year	**59,249**	1,028
Cash and cash equivalents - Beginning of year	**28**	(1,000)
Cash and cash equivalents - End of year	**59,277**	28

Supplemental cash flow information (Note 17)

The notes to the audited financial statements are an integral part of these 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 either sold or given back any of its mineral properties and is currently exploring other opportunities.

As at April 30, 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.

Cease Trade Order Partial Revocation

In June 2013, the Company was issued a Cease Trade Order due to a failure to file its annual financial statements, Management Discussion and Analysis and certificates for the year ended April 30, 2013. Further cease trade orders followed for failure to file the 2014 annual financial statements, Management Discussion and Analysis and certificates, and the subsequent quarterly financial reports.

On March 11, 2016 each of the British Columbia Securities Commission (the **BCSC**, in respect of its cease trade order dated September 8, 2014), the Ontario Securities Commission (the **OSC**, in respect of its cease trade order dated September 23, 2014) and the Alberta Securities Commission (the **ASC**, in respect of its cease trade order dated December 9, 2014) issued partial revocation and variation orders (the **Partial Revocation Orders**) in respect of the cease trade orders issued by each commission (collectively, the **Cease Trade Orders**) for the failure of the Company to file its comparative financial statements for the year ended April 30, 2014 and Form 51-102F1 *Management’s Discussion and Analysis* for the period ended April 30, 2014 as required by National Policy 51-102 - Continuous Disclosure Obligations and the respective securities legislation of British Columbia, Ontario and Alberta (note 19).

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 April 30, 2016 the Company had cash of $59,277 (2015 - $28), a working capital deficiency of $274,477 (April 30, 2015 - $183,837) and an accumulated deficit of $2,017,529 (April 30, 2015 - $1,989,571).

The Company’s solvency, ability to meet its liabilities as they become due and to continue its operations, is currently essentially 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 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 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 14. The Company's functional and reporting currency is the Canadian dollar.

Statement of compliance

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

The preparation of the 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 financial statements are disclosed in Note 3.

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

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these 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 loss. 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 loss. 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 loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Cash and cash equivalents

Cash and cash equivalents in the statements 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.

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, 2016 and 2015.

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.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options (determined using Black-Scholes model) at the date of grant is charged to the statement of comprehensive loss 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 over the remaining vesting period.

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. 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 loss. 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. 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, 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 is reclassified from accumulated other comprehensive loss 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 loss. 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 trade payables, due to related parties, shares' subscriptions 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 statements 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.

Standards, amendments and interpretations not yet effective

At the date of authorization of these 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, 2016:

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments replaces 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 annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this new standard on its 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 annual periods beginning on January 1, 2018. The Company is currently assessing the impact of this new standard on its financial statements.

IFRS 16, Leases

IFRS 16 - Leases replaces 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 annual periods beginning on January 1, 2019. The Company is currently assessing the impact of this new standard on its 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 loss 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, 2016 and 2015, 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, 2015 the Company disposed of its last interest 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, 2016 and 2015, 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. 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.

5. Exploration and evaluation properties

Bottle Creek

The Company had a 60% interest in the Bottle Creek exploration claims in Nevada, USA. On March 8, 2016, the Company entered into an agreement surrendering its interest in the exploration claims for $15,000.

Ryepatch

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.

6. Accounts payable and accrued liabilities

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

	As at April 30, 2016 $	As at April 30, 2015 $
Accounts payable	**71,119**	50,903
Accrued liabilities	**56,420**	35,000
Accrued interest on convertible debt (note 12)	**35,701**	17,059
Total accounts payable and accrued liabilities	**163,240**	102,962

Accounts payable and accrued liabilities aged analysis:

	Accounts payable and accrued liabilities as at April 30, 2016 $	Accounts payable and accrued liabilities as at April 30, 2015 $
Not more than 3 months	**29,431**	38,879
More than 3 months but not more than 6 months	**9,753**	499
More than 6 months but not more than 1 year	**45,576**	2,792
More than 1 year	**78,480**	60,792
Total	**163,240**	102,962

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 $1,690 (2015 - $1,500) due to related parties. These amounts are non-interest bearing, unsecured and due on demand (Note 12).
3) 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.

7. Share subscriptions

The Company has received $74,250 for share subscriptions to issue 1,856,250 common shares of the company. The balance is unsecured and non-interest bearing with no specified terms of repayment until the common shares are issued. Subsequent to April 30, 2016, the shares were issued and the subscriptions were transferred to share capital.

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, 2016:

	Face Value	**Debt Component**	**Equity Component**
	$	**$**	**$**
Balance at May 30, 2012 (date of issuance)	186,419	155,174	31,245
Accumulated accretion on convertible debenture	-	14,791	-
Balance at April 30, 2015	**186,419**	**169,965**	**31,245**
Accretion on convertible debenture	-	5,271	-
Balance at April 30, 2016	**186,419**	**175,236**	**31,245**

*As at April 30, 2016, the Company booked an interest expense of $18,642 for a total accrued of $35,701 (2015 - $17,059) on the convertible debenture.

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, 2016, the Company has 21,830,227 (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 years ended April 30, 2016 and April 30, 2015. As at April 30, 2016, the Company has no preferred shares outstanding (2015 – Nil).

c) Share issuances

2016

There were no share issuances in the years ended April 30, 2016 and 2015.

d) Warrants

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

	April 30, 2016		April 30, 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning of year	**1,100,000**	**0.15**	9,304,500	0.19
Expired	**(1,100,000)**	**0.15**	(8,204,500)	0.19
Outstanding, end of year	**Nil**	**0.00**	1,100,000	0.15

As at April 30, 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

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.

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

During the year ended April 30, 2016, there were no stock options granted. In 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.

11. General and administrative expenses

	April 30, 2016 $	April 30, 2015 $
Rent (Note 12)	**7,200**	2,734
Phone, utilities, supplies and other	**219**	816
Insurance	**-**	2,250
Website, internet and printing	**426**	195
Contractor fees (Note 12)	**10,670**	2,294
Total	**18,515**	8,289

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. ("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 ("CEO") and the Chief Financial Officer ("CFO"). Key management remuneration includes the following:

	April 30, 2016	April 30, 2015
Short-term key management benefits		
Compensation	**$18,500**	$ -

The Company has no employees. Compensation fees are paid/accrued to key management personnel which include the CEO, CFO, and the Corporate Secretary. The Company has incurred no directors fees and stipends for the years ended April 30, 2016 and 2015. Included in accounts payable and accrued liabilities is (a) $1,690 (2015 - $Nil) owing to the CEO, (b) $1,500 (2015 - $1,500) for an advance owing to Agro, (c) $18,750 (2015 - $10,000) owing to the CFO, and (d) $35,701 (2015 - $17,059) for accrued interest on the debenture owing to Rosehearty (Note 8).

Related party transactions:

(1) the Corporate Secretary contract service costs of $5,584 (2015 - $1,677).
(2) The CEO has advanced the Company $16,700 (2015 - $4,500) which has no specified terms of repayment, is unsecured and non-interest bearing and is presented as due to related party.
(3) the former Chief Executive Officer advanced the company Nil ($19,500 in 2015) - for a cumulated amount of $81,145 (2014 - $81,145), which amount has no specified terms of repayment, is unsecured and non-interest bearing and is presented as due to related party.
(4) At April 30, 2016 and 2015, the Company has a long term convertible note with a face value $186,419 (2015 - $186,419) payable to Rosehearty Energy Inc. (Note 8). The convertible debt has accrued interest of $35,701 (2015 - $17,059) which is reflected in accrued liabilities. The Company recognized accretion expense of $5,271 (2015 - $5,271) 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, 2016 was 26.0% (2015 – 26.0%).

	Year ended 30 April 2016 $	Year ended 30 April 2015 $
Loss before income taxes	**(80,911)**	(49,516)
Statutory rate	**26.0%**	26.0%
Expected expense (recovery) of income tax	**(21,037)**	(12,874)
Non-deductible amounts	**-**	1,370
Utilization of prior years' losses	**-**	
	(21,037)	(11,504)
Effect of change in enacted future tax rates	**-**	-
Effect of difference in foreign tax rates	**-**	-
Effect of change in prior year provisions to actual	**-**	-
Deferred tax assets not recognized	**21,037**	11,504
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, 2016 and 2015 are summarized as follows:

Deferred tax assets	**As at April 30, 2016 $**	As at April 30, 2015 $
Share issue costs	**7,942**	7,942
Loss carry forwards	**361,779**	340,742
Unrecognized deferred tax asset	**369,721**	348,684

As at April 30, 2016, 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
2015	20	2035	44,245
2016	20	2036	80,911
Total			**$ 1,391,459**

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

14. Financial instruments

The Company's financial instruments consist of cash, accounts payable, shares subscriptions, due to related parties 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	59,277	59,277
Loan receivable	Fair value through profit and loss	15,000	15,000
Financial liabilities			
Accounts payable	Other financial liabilities	71,119	71,119
Share subscriptions	Other financial liabilities	74,250	74,250
Due to related parties	Other financial liabilities	99,546	99,546
Convertible debenture	Other financial liabilities	175,236	175,236

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.
- 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, 2016	**$**
Financial assets at fair value	
Level 1	
Cash	59,277
Level 3	
Loan receivable	15,000
Total level financial assets at fair value	**74,277**

As at April 30, 2015	**$**
Financial liabilities at fair value	
Level 1	
Cash	28
Total financial liabilities at fair value	**28**

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 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.

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 but does have a risk of fair value. 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 operations 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.

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, 2016, the Company had cash of $59,277 and current liabilities of $337,036.

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 Note 1.

15. Segmented information

Red Ore has sold or given back all of its mineral properties. Its only activity is exploring business opportunities.

16. Contingencies and commitments

1) The Company's operations were 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 6) 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.

17. Supplemental cash flow information

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

Cash and cash equivalents comprise:

	2016 $	2015 $
Cash	59,277	28

The Company transferred from contributed surplus to deficit in the year ended April 30, 2015, $127,505 related to the expiry of stock options.

18. Capital management

The Company's capital structure has been defined by management as being comprised of shareholders' deficiency. 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.

19. Subsequent events not otherwise disclosed

The following events occurred subsequent to April 30, 2016:

Full Revocation of the CTO

In 2014, the BCSC, OSC and ASC issued the Cease Trade Orders against Red Ore as a result of Red Ore not filing various continuous disclosure documents. The Company's continuous disclosure file is now current and may be viewed on SEDAR.

The Company received a revocation of the Cease Trade Orders on May 16, 2016**.**

New Issue

The Company has completed a non-brokered private placement of units of the Company (Units) pursuant to which an aggregate of 4,350,000 Units were sold at a price of $0.025 per Unit for aggregate gross proceeds of $108,750.

The shares are subject to a 4 month plus one day hold period which expires on September 12, 2016

The Units are comprised of one (1) common share of the Company and one (1) common share purchase warrant. Each Warrant entitles the holder to purchase one additional common share for a period of two years from the date of issuance at a price of $0.033 per share.

Shares for Debt Placement

On May 24, 2016, the Company announced that it has settled $167,976 of trade debt with various creditors through the issuance of 5,932,933 common shares at a price of $0.025 per share (the Debt Shares), plus payment of $14,389 in cash.

The Debt Shares are subject to a 4 month plus one day hold period which expires on September 21, 2016.

The Company also wishes to announce that the holder of a previously issued convertible note has elected to exercise its right to convert the note into common shares. As a result, the Company has issued 372,838 common shares.

VFP Therapies SAS Share Exchange Agreement

On June 27, 2016, the Company announced that it has signed a binding letter of intent for a share exchange with VFP Therapies S.A.S. of Rouen, France ("VFP") and its shareholders which will result in the acquisition of 100% of the issued and outstanding shares of VFP.

Completion of this transaction is subject to a number of conditions including:

1. execution and delivery of a formal share exchange agreement;

2. completion of an equity financing to provide VFP 500,000€ for research;

3. requisite shareholder approvals from the shareholders of VFP; and

4. application having been made for the listing of the Company's common shares on a Canadian stock exchange.

The Company intends to call an annual and special meeting of its shareholders to be held on or about mid-October, 2016 at which shareholders will be asked to approve amongst other things:

1. a consolidation of the Company's issued and outstanding common shares on the basis of one (1) new common share for each 30 old common shares held;

2. the share exchange with VFP and its shareholders;

3. a corporate name change to "AD Neuropharma Inc." or such other name as is acceptable to the Registrar of Companies; and

4. the election of directors.

The Company expects to issue approximately 10,001,400 post-consolidated common shares in connection with the acquisition of VFP. Combined with the existing capital of the Company but before giving effect to the issuance of any post-consolidated common shares in connection with concurrent financing described below, there will be approximately 11,100,000 post-consolidated common shares issued and outstanding.

As part of the acquisition of VFP, Red Ore intends to conduct a concurrent private placement of a minimum of 1,000,000 and a maximum of 3,000,000 units at a price of $1.00 per unit, each unit to be comprised of one post-consolidated common share and one share purchase warrant, each share purchase warrant entitling the holder to acquire one additional post-consolidated common share of the Company at a price of $1.25 for a period 2 years following closing. The units will be sold to qualified investors pursuant to appropriate exemptions under National Instrument 45-106 in Canada and comparable exemptions in the United States and Europe.

The proceeds from the placement will be used to fund the research activities of VFP.

A Second Closing

On May 20, 2016, the Company announced the closing of a private placement, comprised of 1,680,000 units at a price of $0.025 per unit for aggregate gross proceeds of $42,000. Each unit is comprised of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share for a period of two years from the date of issuance at a price of $0.033 per share.

As a result of the foregoing issuances, the current issued and outstanding capital of the Company is 34,165,998 common shares and 4,350,000 warrants.

Share Exchange Agreement Signed

On August 11, 2016, the Company announced that further to its news release of June 27, 2016, confirming the signing of a binding letter of intent for a share exchange with VFP Therapies S.A.S. of Rouen, France ("VFP"), a Share Exchange Agreement has been executed by the parties.

20. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's financial statements presentation.

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