RENFORTH RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2011

(Expressed in Canadian Dollars)

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Renforth Resources Inc.

We have audited the accompanying financial statements of Renforth Resources Inc., which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years ended December 31, 2011 and 2010, 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Renforth Resources Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements indicating the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 16, 2012

RENFORTH RESOURCES INC.

Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
		(note 15)	(note 15)
ASSETS			
Current assets			
Cash and cash equivalents *(note 5)*	**$ 254,691**	$ 943,408	$ 496,095
Sales tax receivable	**23,379**	35,789	7,846
Prepaid expenses and deposits	**7,929**	152,984	152,977
Advances on exploration expenditures	**51,219**	12,604	-
Total current assets	**337,218**	1,144,785	656,918
Non-current assets			
Equipment *(note 6)*	**2,994**	2,675	3,748
Exploration and evaluation assets *(note 7)*	**6,164,617**	5,968,138	5,674,398
Total non-current assets	**6,167,611**	5,970,813	5,678,146
TOTAL ASSETS	**$ 6,504,829**	$ 7,115,598	$ 6,335,064
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities *(note 8)*	**$ 663,338**	$ 566,037	$ 358,381
Liabilities for shares to be issued *(note 9(d))*	**-**	348,000	275,000
Total liabilities	**663,338**	914,037	633,381
Equity			
Share capital *(note 9 (b))*	**$ 10,548,903**	$ 10,115,926	$ 9,122,244
Shares to be issued *(note 9(e))*	**-**	-	147,682
Warrant reserve *(note 9 (c)*	**294,073**	294,073	-
Contributed surplus *(note 9(g))*	**1,242,857**	1,193,306	1,141,133
Accumulated deficit	**(6,244,342)**	(5,401,744)	(4,709,376)
Total equity	**5,841,491**	6,201,561	5,701,683
TOTAL LIABILITIES AND EQUITY	**$ 6,504,829**	$ 7,115,598	$ 6,335,064

Going concern (*note 1*)

Commitments and options *(notes 7 and 13)*

The accompanying notes are an integral part of these financial statements.

Approved by the Board

Signed: Signed:

"Judi Wood", Director "David Danziger", Director

RENFORTH RESOURCES INC.

Statements of Loss and Comprehensive Loss
For the years ended December 31, 2011 and December 31, 2010
(Expressed in Canadian dollars)

		2011		2010
				(note 15)
Expenses				
General and corporate *(note 16)*	**$**	**477,682**	$	642,385
Share based payments (*note 9(f)*)		**49,551**		52,173
Loss before other items		**(527,233)**		(694,558)
Other items				
Gain on settlement of debt		**40,800**		-
Write down of exploration and evaluation assets		**(344,030)**		-
Loss on foreign exchange		**(13,593)**		-
Interest income		**1,458**		2,190
Net loss and comprehensive loss for the year	**$**	**(842,598)**	$	(692,368)
Basic and diluted loss per share (*note 10*)	**$**	**(0.01)**	$	(0.01)

The accompanying notes are an integral part of these financial statements.

RENFORTH RESOURCES INC.

Statements of Cash Flows
For the years ended December 31, 2011 and December 31, 2010
(Expressed in Canadian dollars)

		2011		2010
				(note 15)
Cash flow from operating activities				
Net loss for the year	**$**	**(842,598)**	$	(692,368)
Items not affecting cash				
Share based payments		**49,551**		52,173
Gain on settlement of debt		**(40,800)**		-
Write down of exploration and evaluation assets		**344,030**		-
Depreciation		**908**		1,073
		(488,909)		(639,122)
Changes in non-cash working capital				
Sales tax receivable		**12,411**		(27,943)
Accounts payable and accrued liabilities		**124,900**		207,656
Prepaid expenses and deposits		**145,055**		(7)
		(206,543)		(459,416)
Cash flow from investing activities				
Additions to exploration and evaluation assets		**(442,332)**		(170,740)
Advances for mineral property expenditures		**(38,615)**		(12,604)
Additions of equipment		**(1,227)**		
		(482,174)		(183,344)
Cash flow from financing activities				
Issuance of common shares for cash		**-**		1,220,000
Share issue costs		**-**		(129,927)
		-		1,090,073
(Decrease) increase in cash and cash equivalents		**(688,717)**		447,313
Cash and cash equivalents beginning of year (note 5)		**943,408**		496,095
Cash and cash equivalents, end of year (note 5)	**$**	**254,691**	$	943,408

Supplemental information (note 14)
The accompanying notes are an integral part of these financial statements.

RENFORTH RESOURCES INC.

Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital	Share capital	Shares to be issued	Contributed surplus	Warrant reserve	Deficit	Total
	#	$	$	$	$	$	$
		(note 15)		(note 15)		(note 15)	
Balance, January 1, 2010	55,072,575	9,122,244	147,682	1,141,133	-	(4,709,376)	5,701,683
Issued for exploration and evaluation assets	3,200,000	64,000	(64,000)	-	-	-	-
Issued under private placement	21,333,334	1,220,000	-	-	-	-	1,220,000
Valuation of warrants issued under private placement	-	(253,497)	-	-	253,497	-	-
Share issue costs	-	(170,503)	-	-	40,576	-	(129,927)
Issued in accordance with property agreements	1,500,000	57,500	(7,500)	-	-	-	50,000
Issued for services	7,618,230	76,182	(76,182)				-
Share based payments	-	-	-	52,173	-	-	52,173
Net loss and comprehensive loss for the year	-	-	-	-	-	(692,368)	(692,368)
Balance, December 31, 2010	88,724,139	10,115,926	-	1,193,306	294,073	(5,401,744)	6,201,561
Share based payments	-	-	-	49,551	-	-	49,551
Issued for shares owing in accordance with property agreement	9,915,530	405,777	-	-	-	-	405,777
Issued for services	1,360,000	27,200	-	-	-	-	27,200
Net loss and comprehensive loss for the year	-	-	-	-	-	(842,598)	(842,598)
Balance, December 31, 2011	99,999,669	10,548,903	-	1,242,857	294,073	(6,244,342)	5,841,491

The accompanying notes are an integral part of these financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of business

Renforth Resources Inc. (the "Company" or "Renforth"), was incorporated in Canada under the Business Corporations Act (Ontario) and carries on business in one segment, being the acquisition, exploration and development of mineral properties in Canada. The amounts shown as exploration and evaluation assets do not necessarily represent present or future values. The Company's registered and head office is located at 65 Front Street East, Suite 304, Toronto, Ontario M5E 1B5.

These financial statements were approved by the board on April 18, 2012.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and deferred exploration expenditures and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values of the Company's assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, First Nations claims, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements. The Company may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainties.

Going concern assumption

These financial statements are prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

The recoverability of the costs incurred to date on exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the exploration and evaluation assets. Such adjustments could be material.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Conversion to International Financial Reporting Standards ("IFRS") and statement of compliance

These financial statements have been prepared in accordance and compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These are the Company's first annual financial statements presented in accordance with IFRS.

These are the Company's first annual financial statements prepared using IFRS, they include certain disclosures that were not included in those most recent Canadian GAAP annual financial statements, but that are required to be included in annual financial statements prepared in accordance with IFRS.

The Company's financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs in some areas from IFRS. In preparing these financial statements, management has amended certain accounting and measurement methods previously applied in the Canadian GAAP financial statements to comply with IFRS. Note 15 contains reconciliations and descriptions of the effect of the transition from Canadian GAAP to IFRS on equity, loss and comprehensive loss along with line-by-line reconciliations of the statements of financial position as at December 31, 2010 and January 1, 2010 and the statement of loss and comprehensive loss for the year ended December 31, 2010.

Basis of presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective or available for the Company's first reporting date.

The preparation of these financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below have been applied consistently to all periods presented in these financial statements. They have also been applied in preparing an opening IFRS statement of financial position at January 1, 2010 (note 15) for the purposes of the transition to IFRS, as required by IFRS 1, First Time Adoption of International Financial Reporting Standards. The impact of the transition from Canadian GAAP to IFRS is explained in note 15.

Functional currency

The presentation currency of the Company and the functional currency of the Company is the Canadian dollar.

Significant accounting estimates and judgments

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting judgments

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency, management considered the currency that mainly influences the sales prices, and cost of providing goods and services in each jurisdiction in which the Company operates. The Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- How financial assets and liabilities are categorized is an accounting policy that requires management to make judgments or assessments.

Estimates and assumptions

- The recoverability of amounts receivable and prepayments which are included in the statement of financial position;
- the estimated useful lives of equipment which are included in the statement of financial position and the related depreciation included in the statement of loss and comprehensive loss;
- the estimated value of the exploration and evaluation assets which is recorded in the statement of financial position;
- the inputs used in accounting for share based payment expense in the statement of comprehensive loss;
- the assessment of indications of impairment of each exploration and evaluation assets and related determination of the net realizable value and write-down of those exploration and evaluation assets where applicable.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening IFRS statement of financial position at January 1, 2010 for the purposes of transition to IFRS, unless otherwise indicated.

Exploration and evaluation assets

The Company's properties are in the exploration and evaluation stage and accordingly the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received for farm-out arrangements or recovery of costs against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of an impairment. An impairment charge relating to an exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount but only to the extent that his does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation assets” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing Mines”.

All capitalized exploration and evaluation asset expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation asset expenditures are not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is planned.

Decommissioning, restoration and environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not-deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the price of a non-flow through share and the amount the investor pays for the flow-through share. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities.

A deferred tax liability is recognized, in accordance with IAS 12, *Income Taxes*, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The Company indemnifies subscribers of flow-through shares for any tax related amounts that become due as a result of the Company not meeting its flow-through share related obligations.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and short term deposits with original maturities of three months or less. The deposits are held in a Canadian chartered bank or financial institution.

Equipment

Equipment is recorded at cost. Depreciation is provided over its expected useful life using the following methods and annual rates:

Computer	45 % declining balance
Office furniture	20 % declining balance

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation.

During the years ended December 31, 2011 and 2010, all issued and outstanding warrants and options were anti-dilutive and were excluded from the diluted loss per share calculations.

Stock option plan

The Company has a stock option plan (the "Plan") which is discussed in note 9(f). The Company uses the fair value-based method of accounting for stock-based compensation arrangements. The fair value of each option granted is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Canadian dollar at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in net loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Impairment of non-financial assets

At each financial position reporting date, non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

Share issue costs

Costs incurred for the issue of common shares are deducted from share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for- sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company’s financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Fair value through profit and loss

Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive Loss

Comprehensive loss, composed of net loss and other comprehensive income (loss), is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive (loss) includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive loss are disclosed in the statements of loss and comprehensive loss. Cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss ("AOCL") which is presented as a new category in shareholders' equity.

Future Changes in Accounting Standards not yet adopted

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt those standards when they become effective.

IFRS 9 - Financial Instruments
IFRS 9, Financial instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of IFRS 9 on its results of operations and financial position.

IFRS 10 - Consolidated Financial Statements
IFRS 10, "Consolidated Financial Statements" (IFRS 10) was issued by the IASB on May 12, 2011 and will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and continuous reassessment as facts and circumstances change. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 10 on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 11 – Joint Arrangements

IFRS 11, Joint Arrangements (IFRS 11) was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS11 on its results of operations and financial position.

IFRS 12 – Disclosure of Interest in Other Entities

IFRS 12, Disclosure of Interest in Other Entities was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 12 on its financial statements.

IFRS 13 – Fair Value Measurement

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 13 on its financial statements.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, warrants, contributed surplus and options. 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 properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2011 and the year ended December 31, 2010. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian dollars)

5. CASH AND CASH EQUIVALENTS

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
Cash in bank	**$ 140,039**	$ 830,160	$ 84,737
Short term bank deposits	**114,652**	113,248	411,358
	$ 254,691	$ 943,408	$ 496,095

Cash and cash equivalents earn interest based on market rates applicable to each form of interest bearing instrument. Cash is deposited at a reputable financial institution. The fair value of cash and cash equivalents approximates the values disclosed in this note.

6. EQUIPMENT

	Computer equipment	**Furniture**	**Total**
Cost			
January 1, 2010	$ 3,004	$ 3,964	$ 6,968
Additions	-	-	-
Dispositions	-	-	-
December 31, 2010	3,004	3,964	6,968
Additions	1,227	-	1,227
Dispositions	-	-	-
December 31, 2011	**$ 4,231**	**$ 3,964**	**$ 8,195**
Accumulated Depreciation			
January 1, 2010	$ 2,110	$ 1,110	$ 3,220
Depreciation	502	571	1,073
December 31, 2010	2,612	1,681	4,293
Depreciation	452	457	908
December 31, 2011	**$ 3,064**	**$ 2,138**	**$ 5,201**
Carrying amounts			
January 1, 2010	$ 894	$ 2,854	$ 3,748
December 31, 2010	392	2,283	2,675
December 31, 2011	**$ 1,167**	**$ 1,826**	**$ 2,994**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	New Alger	Kyle Properties	Attawapiskat	Total
Acquisition costs				
January 1, 2010	$ 32,500	$ -	$ 847,000	$ 879,500
Additions	75,000	-	73,000	148,000
Dispositions				-
December 31, 2010	107,500	-	920,000	1,027,500
Additions	30,000	30,000	(2,223)	57,777
Write down	-	-	(291,000)	(291,000)
December 31, 2011	**$ 137,500**	**$ 30,000**	**$ 626,777**	**$ 794,277**
Exploration				
January 1, 2010	$ 2,706	$ 3,530,058	$ 1,262,134	$ 4,794,898
Exploration and other geological	142,150	-	3,590	145,740
December 31, 2010	144,856	3,530,058	1,265,724	4,940,638
Exploration and other geological	442,332	40,400	-	482,732
Write down	-	-	(53,030)	(53,030)
December 31, 2011	**$ 587,188**	**$ 3,570,458**	**$ 1,212,694**	**$ 5,370,340**
Carrying amounts				
January 1, 2010	$ 35,206	$ 3,530,058	$ 2,109,134	$ 5,674,398
December 31, 2010	$ 252,356	$ 3,530,058	$ 2,185,724	$ 5,968,138
December 31, 2011	**$ 724,688**	**$ 3,600,458**	**$ 1,839,471**	**$ 6,164,617**

Attawapiskat – James Bay Lowlands

On August 26, 2003, the Company purchased from Greenstone Exploration Company Ltd. (“Greenstone”) and Michael Peplinski, their 10-30% beneficial interest in 12 claims comprising of certain claims in Northern Ontario (the “Renforth Claims”). The purchase closed in escrow on August 26, 2003. The purchase price of $325,000 payable to Greenstone, consisted of $50,000 in cash and the balance in common shares of the Company at market prices no later than one year subsequent to the anniversary of the signed agreement. On May 31, 2011 the Company and Greenstone settled the remaining $275,000 (plus 3% interest accrued from the original due date) by the issuance of 6,915,530 common shares of the Company. Greenstone retained a 1.5% net smelter return royalty (“NSR”).

On May 7, 2007, the Company entered into an Option Interest Agreement (the “Agreement”) with 1231674 Ontario Limited (“123”) to purchase their 100% interest in four mining claims located in the Attawapiskat district of the James Bay Lowlands in Northern Ontario. Under the terms of the Agreement, the Company purchased a 100% interest in the property for $250,000, consideration consisting of 500,000 common shares of the Company at a price of $0.50 per share. 123 will retain a NSR of 2% subject to the right of the Company to purchase one half of the NSR, at any time up to commercial production, for $1,000,000. The Company currently maintains three of these claims. As at December 31, 2011 these claims were written down by $91,784 to their estimated net realizable value.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

On January 22, 2009, the Company finalized the acquisition of 18 claims (consisting of 288 units) located in the James Bay Lowlands, Ontario. Under the terms of the agreement, the Company purchased a 100% interest in these claims in exchange for $150,000 (paid) and 3,200,000 common shares of the Company valued at $64,000.The 3,200,000 common shares were issued on February 16, 2010 (see note 9(b)). These claims expired during 2011 and as such all acquisition and exploration expenditures on the property totalling $252,246 were written off during 2011.

Kyle Kimberlite Properties

On July 20, 2006, the Company entered into an Option Agreement with Cliffs Chromite Far North Inc. (formerly Spider Resources Inc.) ("Cliffs") and KWG Resources Inc. ("KWG") to earn a 55% interest in five diamondiferous Kyle Kimberlite properties, consisting of eight claims which are comprised of 128 units (the "Kyle Properties"), located in the James Bay Lowlands area of Northern Ontario. At the time of the agreement Cliffs and KWG owned a 100% interest in the Kyle properties. The 55% interest earn-in was subject to:

1. Completing an exploration and development program of not less than $6 million over a period of three years, with annual exploration expenditures at the minimum rate of $2 million; and
2. Contributing, at the end of the option period, its existing claim holdings in the Attawapiskat River area to a mutual venture amongst the Company and Cliffs/KWG.

Under the terms of the original agreement, the required expenditures under the exploration and development program over the term of the agreement were stated as follows:

By June 30, 2007	$ 2,000,000
By June 30, 2008	2,000,000
By June 30, 2009	2,000,000
	$ 6,000,000

A minimum of 75% of the annual $2,000,000 exploration and development program was to be dedicated to the Kyle Properties and the balance of the program to be spent on the mining claims of the Attawapiskat property. The Company agreed to fund the project in its entirety for the first $6,000,000 in expenditures and was to be the operator.

On September 27, 2007 the Company executed an amending letter to the Option Agreement. The terms of the letter were as follows:

a) Renforth will issue to KWG & Cliffs (the "Optionors") 2,000,000 of its common shares in exchange for (i) making up any real or perceived shortfalls in the first $2 million of expenditures pursuant to the terms of the Option Agreement, (ii) postpone the work costs otherwise due to be incurred on or before June 30, 2008 (pursuant to the Option Agreement) to the later of June 30, 2009 and the date that is one year after the date on which Renforth's common shares begin trading on the TSX Venture Exchange, and (iii) postpone the work costs otherwise due to be incurred on or before June 30, 2009 (pursuant to the Option Agreement) to the day that is one year after the second payment date.

b) Upon the issuance of the 2,000,000 common shares, Renforth will receive a fully vested 20% interest in the Kyle Claims, and a subsequent 17.5% fully vested interest for each additional $2 million in work costs which it incurs on the Kyle Claims, up to a maximum 55% interest. The Optionors will receive a fully vested 9% interest (4.5% each) in the Renforth Claims and subsequent 18% fully vested interests (9% each) at the time that Renforth receives each additional 17.5%, up to a maximum 45% interest (22.5% each) in the Renforth claims. A director and officer of Cliffs was also a director of the Company until September 29, 2009 (on the date he resigned as a director).

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

During 2010, Renforth analysed the expenses incurred on the property and on October 18, 2010, together with Cliffs and KWG, concluded that Renforth had completed its 55% earn-in on the Kyle Series of diamondiferous kimberlites in the James Bay Lowlands region of Northern Ontario. As part of the option agreement, KWG and Cliffs collectively earned a 45% interest in certain massive sulphide targets held by Renforth in the same region. Renforth, Cliffs and KWG are currently working towards formalizing their relationship in the form of a joint venture agreement. On December 7, 2011 Renforth issued the 2,000,000 commons shares that were issuable under the amended letter.

New Alger Gold Project - Quebec

On November 1, 2009, Renforth entered into an agreement (the “agreement”) with Cadillac Ventures Inc. (“Cadillac”) whereby Renforth shall have the right to acquire from Cadillac a 51% interest in the New Alger gold property in Québec (the “Property”). Renforth may acquire a 51% interest in the Property through (a) the payment of $250,000 in cash over a period of 3 years to Cadillac, (b) the issuance of 2,500,000 common shares over a period of 2 years to Cadillac and (c) upon spending a minimum of $2,500,000 in exploration on the Property over a period of 3 years. Upon completion of its obligations, the parties shall be contributing as to the property – 51% Renforth and 49% Cadillac.

As per the agreement Renforth shall pay to Cadillac the following amounts on the following dates:

	Cash	Shares
Formation date	$10,000 paid	-
Formation date plus 60 days	15,000 paid	500,000 – issued (see note 9(b)(ii))
Formation date plus 12 months	25,000 paid	1,000,000 – issued (see note 9(b(v))
Formation date plus 24 months	100,000	1,000,000 – issued (see note 9(b)(viii))
Formation date plus 36 months	100,000	-
	$250,000	2,500,000

Cadillac granted Renforth an extension on the cash payment that was due after 24 months of formation, to be paid no later than June 1, 2012.

Mina Maria Luisa – Spain

On September 22, 2010, the Company finalized the acquisition of the rights to acquire a 100% interest in the Mina Maria Luisa project (the “Property”) located in Southwestern Spain.

Renforth has obtained the right to acquire a 100% ownership interest in Promotora Mineradel Sur, SL (“Promotora”), a corporation which owns the Property, along with the right to explore the Property. Additional terms of the agreement are:

1. During a 5 year period, Renforth has the right to rent the Property from Promotora for annual payments of 42,000 Euros, for a total of 210,000 Euros over the complete 5 year term. Upon making the first annual payment of 42,000 Euros, Renforth will acquire an initial 5% ownership interest.
2. During the 5 year rental term Renforth has an option to acquire the remaining 95% of Promotora in exchange for a payment of 2,400,000 Euros.
3. Renforth has the right to terminate this agreement at any time.

The Company is still in the due diligence stage in regards to the property.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Management of the Company believes that the term of the agreement provides Renforth with sufficient time to conduct a prudent level of legal and technical due diligence on the Property. In addition, if Renforth elects to purchase the balance of Promotora, after proving up the value of the Property through a drilling program, the Company expects to become the sole owner of the Property.

8. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Compensation of key management personnel

Key management includes members of the board of directors, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended December 31, 2011and 2010:

For the year ended December 31	**2011**	2010
Salary or other short term benefits	**$ 195,000**	$ 195,000
Share based payments issued	**17,600**	69,700
Directors' fees	**31,500**	95,000
	$ 244,100	$ 359,700

(b) Other related party balances and transactions

As at December 31, 2011 $471,500 (December 31, 2010 - $ 351,500) is owed to the CEO for past management and directors fees. This amount is included in accounts payable and accrued liabilities.

As at December, 2011 $47,500 (December 31, 2010 - $95,000) is owed to two independent directors for director fees owing. This amount is included in accounts payable and accrued liabilities.

During the year ended December 31, 2011the Company was charged $7,357 (2010-$71,255) in legal fees from a law firm in which a director of the Company is a partner of the firm. This amount is unsecured, non-interest bearing, with no fixed terms of repayment.

During the year ended December 31, 2011 the Company was charged $40,000 (2010-$44,000) in geological consulting fees included in exploration and evaluation assets by a company owned by a director of the Company.

During the year ended December 31, 2011 the Company was charged $nil (2010 – $32,000) in consulting fees by a firm in which the CEO and director of the Company is a partner of the firm.

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(Expressed in Canadian dollars)

9. SHARE CAPITAL

a) Shares authorized

The Company is authorized to issue an unlimited number of preferred and common shares without nominal or par value. No preferred shares have been issued.

b) Common shares issued and outstanding

Details of shares issued and outstanding are as follows:

	Shares	Amount
Balance, and December 31, 2009 and January 1, 2010	55,072,575	$ 9,122,244
Issued for mineral properties (i)	3,200,000	64,000
Issued in accordance with a property agreement (ii)	500,000	7,500
Issued for services (iii)	7,618,230	76,182
Issued under private placement (iv)	15,200,000	760,000
Valuation of warrants (iv)	-	(106,400)
Issued in accordance with a property agreement (v)	1,000,000	50,000
Issued under private placement (vi)	6,133,334	460,000
Valuation of warrants (vi)	-	(147,097)
Share Issue costs	-	(170,503)
Balance, December 31, 2010	88,724,139	10,115,926
Issued in accordance with a property agreement (note 8(d))	6,915,530	345,777
Issued for services (vii)	1,360,000	27,200
Issued in accordance with a property agreement (viii)	1,000,000	30,000
Issued in accordance with a property agreement (ix)	2,000,000	30,000
Balance, December 31, 2011	99,999,669	10,548,903

(i) During February 2010, the Company issued 3,200,000 common shares at $0.02 per share in accordance with the terms of the acquisition agreement (see note 7)

(ii) During February 2010, the Company issued 500,000 common shares at $0.015 per share in accordance with a property agreement (see note 7).

(iii) On May 1, 2010, the Company issued 7,618,230 common shares at $0.01 per share to its exploration management company in exchange for past services rendered.

(iv) On October 22, 2010, the Company completed a private placement for gross proceeds of $760,000 through the sale of 15,200,000 units at an issue price of $0.05 per unit. Each unit comprised of one non flow-through common share and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional non-flow through common share at a price of $0.10 per share for a period of 24 months. The fair value of the warrants, an amount of $106,400, was estimated on the date of grant using the Black-Scholes options pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 1.39% and an expected life of 2 years. A cash finder's fee equal to 8% of the gross proceeds, and broker warrants equal to 8% of the number of units issued, was paid to qualifying arms length finders (totaling $60,800 and 1,216,000 broker warrants). Each broker warrant entitles the holder to acquire one additional common share at an exercise price of $0.10 for a period of 24 months. The fair value of the broker warrants, an amount of $17,204, was estimated on the date of grant using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 1.39% and an expected life of 2 years. All securities issued pursuant to the private placement were subject to a four month hold period following the closing date.

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

(v) On November 1, 2010, the Company issued 1,000,000 common shares at $0.05 per share in accordance with a property agreement (see note 7).

(vi) On November 19, 2010, the Company completed a private placement for gross proceeds of $460,000 through the sale of 6,133,334 units at an issue price of $ 0.075 per unit. Each unit comprised of one flow-through common shares and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional non-flow through common share at a price of $0.12 per share for a period of 24 months. The fair value of the warrants, an amount of $147,097, was estimated on the date of grant using the Black-Scholes options pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 1.64% and an expected life of 2 years. A cash finder's fee equal to 8% of the gross proceeds, and broker warrants equal to 8% of the number of units issued, was paid to qualifying arms length finders (totaling $36,800 and 490,666 broker warrants). Each broker warrant entitles the holder to acquire one additional common share at an exercise price of $0.12 for a period of 24 months. The fair value of the broker warrants, an amount of $23,552, was estimated on the date of grant using the Black-Scholes option pricing model under the following assumptions: expected dividend yield of 0%, expected volatility of 100%, risk-free interest rate of 1.64% and an expected life of 2 years. All securities issued pursuant to the private placement were subject to a four month hold period following the closing date.

(vii) On September 23, 2011, the Company issued 1,360,000 common shares at $0.02 per share for services rendered.

(viii) On November 11, 2011, the Company issued 1,000,000 common shares at $0.03 per share in accordance with the joint venture agreement with Cadillac (see note 7).

(ix) On December 7, 2011, the Company issued 2,000,000 common shares at $0.015 per share in accordance with an option agreement with KWG and Cliffs (see note 7).

c) Share purchase warrants

The following summarizes the activity during 2011 and 2010:

		Warrants outstanding	Value
Balance at December 31, 2009 and January 1, 2010		-	$ -
Issued	October 22, 2010	8,816,000	123,424
Issued	November 19, 2010	3,557,333	170,649
Balance at December 31, 2010 & December 31, 2011		**12,373,333**	**$ 294,073**

Summary of warrants outstanding as at December 31, 2011:

Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Weighted Average Remaining Life
8,816,000	$ 0.10	22-Oct-12	0.81
3,557,333	0.12	19-Nov-12	0.89
12,373,333	**$0.106**		**0.83**

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

d) Liabilities for shares to be issued

The following details shares to be issued to satisfy existing liabilities:

	As at Dec. 31, 2011	As at Dec. 31, 2010	As at Jan 1 2010
Payable to Greenstone with respect to the Attawapiskat property (*note 7*).	$ -	$ 348,000	$ 275,000

e) Shares to be issued

The following details shares to be issued to in the future:

	As at December 31, 2011	As at December 31, 2010	As at January 1, 2010
To be issued on the January 22, 2009 acquisition of the 18 claims on the Attawapiskat property *(note 7)*	**$ -**	$ -	$ 64,000
To be issued to Cadillac Ventures for Joint Venture Interest on the New Alger property *(note 7)*	**-**	-	7,500
To be issued to Billiken Management Services for Property expenditures	**-**	-	76,182
	$ -	$ -	$ 147,682

f) Stock option plan

The Company has a stock option plan which provides for the granting of options to purchase common shares to a maximum of 10% of the issued and outstanding common shares of the Company to officers, directors, and other service providers at the discretion of the directors. Each option granted under this Plan shall be exercisable for a maximum period of five years from the date the option is granted to the optionee. Stock options vest over a period of 12 months.

On October 14, 2010, the Company granted 680,000 stock options to its investor relations consultant. Each option is exercisable for one common share at $0.10. The fair value of the options were estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; expected dividend yield of 0%; risk-free interest rate of 1.40%; and expected life of 1 year. The options were valued at $17,680 and were expensed over their vesting period. The options vested quarterly over 12 months from the date of grant.

On October 26, 2010, the Company granted 1,800,000 stock options to directors, officers and consultants of the Company exercisable for one common share at $0.10 per share, for a five-year period. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; expected dividend yield of 0%; risk-free interest rate of 1.42%; and expected life of 5 years. The options were valued at $73,800 and were expensed over their vesting period. The options vested quarterly over 12 months from the date of grant.

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

On September 22, 2011, the Company granted a total of 850,000 stock options to directors and a consultant of the Company exercisable for one common share at $0.05 per share, for a five year period. The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; expected dividend yield of 0%; risk-free interest rate of 1.44%; and expected life of 5 years. The options were valued at $10,200 and are being expensed over their vesting period. The options vest quarterly over 12 months from the date of grant.

On November 21, 2011, the Company granted a total of 400,000 stock options to directors and a consultant of the Company exercisable for one common share at $0.05 per share, for a five year period. The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; expected dividend yield of 0%; risk-free interest rate of 1.37%; and expected life of 5 years. The options were valued at $8,000 and are being expensed over their vesting period. The options vest quarterly over 12 months from the date of grant.

For the year ended December 31, 2011, stock option expense of $49,551 (2010 - $52,173) was charged to operations with an equivalent offset credited to contributed surplus to reflect the vested portion of the fair value of stock options granted. Stock-based compensation expense of $41,667 (2010 - $38,751) was related to directors and officers and $7,884 (2010 – $12,422) to consultants compensation.

As at December 31, 2011, the weighted average exercise price of options outstanding and options exercisable were as follows:

	December 31, 2011		December 31, 2010	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of period	**5,930,000**	**$ 0.243**	**3,950,000**	**$ 0.270**
Expired	(1,300,000)	$0.244	(500,000)	0.280
Granted	1,250,000	$0.050	2,480,000	0.100
Outstanding – end of period	**5,880,000**	**$ 0.157**	**5,930,000**	**$ 0.198**
Exercisable – end of period	**5,155,000**	**$ 0.172**	**4,070,000**	**$ 0.243**

As at December 31, 2011 the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
250,000	0.28	19-Mar-12*	250,000	0.22
150,000	0.28	1-Feb-13	150,000	1.09
300,000	0.28	10-Apr-13	300,000	1.28
1,500,000	0.28	10-Nov-13	1,500,000	1.86
680,000	0.10	14-Oct-12	680,000	0.79
1,750,000	0.10	26-Oct-15	1,750,000	3.82
850,000	0.05	30-Sep-16	425,000	4.75
400,000	0.05	21-Nov-16	100,000	4.90
5,880,000			5,155,000	2.83

The weighted average fair value of options issued during the year was $0.02 (2010 - $0.04).
*expired unexercised subsequent to December 31, 2011

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

g) Contributed surplus

The following table identifies the changes in contributed surplus for 2011 and 2010:

Balance, January 1, 2010	$ 1,141,133
Share-based payment	52,173
Balance December 31, 2010	1,193,306
Share-based payment	49,551
Balance, December 31, 2011	**$ 1,242,857**

(Expressed in Canadian dollars)

10.LOSS PER COMMON SHARE

The following table sets forth the computation of basic and diluted loss per common share:

For the years ended December 31	**2011**	**2010**
Numerator:		
Net loss attributable to common shareholders		
- basic and diluted	$ (842,598)	$ (692,368)
Denominator:		
Weighted average common shares outstanding		
- basic	93,173,014	67,228,556
Basic and diluted loss per common share	$ (0.01)	$ (0.01)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2011 and 2010 because their impact was anti-dilutive.

11. INCOME TAXES

a) Provision for Income Taxes - Current

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 28.25% (2010 – 31.0%) were as follows:

	2011	2010
Loss before recovery of income taxes	$ (842,598)	$ (692,368)
Statutory rate applied to loss for the year before income taxes	$ 238,034	$ 214,634
Increase (decrease) in taxes resulting from:		
Non-deductible stock-based compensation	(13,998)	(16,174)
Deductible share issue costs	-	40,278
Expiry of losses	-	(104,754)
Write-down (recovery) of exploration and evaluation assets	(97,188)	-
Flow-through expenditures	(129,950)	-
Other items	(220)	(37,121)
Change in tax rates	8,581	(12,376)
Tax benefits not realized	(5,259)	(84,487)
Deferred income tax recovery (expense)	$ -	$ -

(Expressed in Canadian dollars)

11. INCOME TAXES – continued

b) Deferred Income Taxes

The approximate tax effect of each type of temporary difference that gives rise to the Company's deferred income tax assets and liabilities is as follows:

	2011	2010
Mining interests $	$(929,367)	(864,253)
Equipment	1,639	1,094
Non-capital losses	1,312,152	1,104,411
Share issue costs	33,709	83,693
Future income tax asset before valuation allowance	418,133	324,945
Deferred tax assets (net) not benefitted		(418,133)
	(324,945)	
Net future income tax asset (liability)	$ -	$ -

c) Tax Loss Carry-Forwards

Any non-capital losses that may be utilized to reduce taxable income in Canada in future years expire at the end of the following years:

2014	$ 195,518
2015	272,082
2026	519,872
2027	1,098,253
2028	1,400,430
2029	629,929
2030	894,232
2031	158,331
	$ 5,168,647

12. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures during the year ended December 31, 2011 and 2010.

Credit risk
The Company's credit risk is primarily attributable to short-term investments included in cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of bankers acceptances, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Sales tax receivable consists of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these items is remote.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2011, the Company had a cash and cash equivalent balance of $254,691 to settle current financial liabilities of $663,338. The Company is actively searching for financing to fund its operations.

12. FINANCIAL RISK FACTORS (continued)

Market risk
(a) Interest rate risk
The Company has cash balances and no long term debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign currency risk
The Company's functional currency is the Canadian dollar and all major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk is negligible and therefore does not hedge its foreign exchange risk.

(c) Price risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Sensitivity analysis
The Company has designated its cash and cash equivalents and sales tax receivable as fair value through profit and loss, which are measured at amortized cost. Accounts payable and accrued liabilities, classified as other financial liabilities, are measured at amortized cost.

As at December 31, 2011, the carrying and fair value amounts of the Company's financial instruments are approximately the same.

The Company’s financial instruments that are carried at fair value, consisting of cash equivalents have been classified as Level 1 within the fair value hierarchy.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period.

Cash and cash equivalents include liquid investments which are at variable rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by $2,500 annualized.

The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

13. COMMITMENTS AND OPTIONS

Environmental Contingencies
The Company’s mining and exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(a) See *note 7* for additional commitments and options on evaluation and exploration assets.
(b) The Company renounced $460,000 of qualifying exploration expenditures to the shareholders in 2010. Under the “look back” provision governing flow-through shares this amount had to be spent by the end of 2011. As at December 31, 2011the full amount had been spent.

(Expressed in Canadian dollars)

14. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

For the years ended December 31	2011	2010
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-Monetary Transactions:		
Shares issued in exchange for exploration and evaluation assets	$ 405,777	$ 121,500
Shares to be issued in exchange for exploration and evaluation assets	$ -	$ 73,000
Change in accrued exploration and evaluation assets	$ -	$ 20,458
Shares issued in exchange for services	$ 27,200	$ -

15. TRANSITION TO IFRS FROM CANADIAN GAAP

The Company's financial statements for the year ending December 31, 2011 are the first annual financial statements prepared in accordance with IFRS. The Company has prepared its opening IFRS statement of financial position by applying existing IFRS standards in effect at the release of these financial statements.

The accounting policies in note 3 have been applied in preparing these financial statements for the year ended December 31, 2011, the comparative information presented in these financial statements for the year ended December 31, 2010 and in preparation of the opening IFRS statement of financial position at January 1, 2010 (the "transition date").

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with previous Canadian generally accepted accounting principles ("GAAP"). An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance, and cash flows is set out below.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities charged or credited to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated January 1, 2010:

(a) Business Combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has utilized this election and has therefore applied IFRS 3 only to business combinations that occurred on or after January 1, 2010.

15. TRANSITION TO IFRS FROM CANADIAN GAAP (continued)

(b) Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the date of transition to IFRS. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010, which have been accounted for in accordance with Canadian GAAP. There was no adjustment of applying IFRS 2 to unvested options at the transition date.

(c) Mineral property, plant and equipment – deemed cost

IFRS 1 includes an election to use fair value or revaluation as deemed cost for mineral property, plant and equipment, and is available on an asset-by-asset basis. The IFRS 1 election is separate from the policy choice available to measure long-lived assets at cost or under the revaluation model. The Company has elected not to apply the IFRS 1 election to its equipment.

IFRS 1 also outlines specific guidelines that a first-time adopter must adhere to under certain circumstances. The Company has applied the following guidelines to its opening statement of financial position dated January 1, 2010:

(d) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under the previous GAAP applied, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

(e) *Mineral property, plant and equipment*

IFRS 6 requires that an entity classify each asset in the exploration for and evaluation of mineral resources as tangible or intangible according to the nature of the assets acquired and to apply the classification consistently.

Changes to accounting policies

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the Company's Canadian GAAP Statement of Operations and Comprehensive Income, Statement of Financial Position and Statement of Cash Flows have been reconciled to IFRS, with the resulting differences explained.

(a) Flow-through shares

Under Canadian GAAP, the Company followed the recommendations of the Emerging Issues Committee ("EIC") of the CICA with respect to flow-through shares, as outlined in EIC-146. The application of EIC-146 requires the recognition of the foregone tax benefit on the date the Company renounces the tax credits associated with the exploration expenditures, provided there is reasonable assurance that the expenditures will be made. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued is reduced by the tax effect of the tax benefits renounced to subscribers.

15. TRANSITION TO IFRS FROM CANADIAN GAAP (continued)

On transition to IFRS, the Company elected to adopt a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the price of a non-flow-through common share and the amount the investor pays for the flow-through share. A liability is recognized for any premium paid by the investors. The liability is reduced and the reduction of premium liability is recorded in other income when the Company files the appropriate renunciation forms with the Canadian taxation authorities.

A deferred tax liability is recognized, in accordance with IAS 12, *Income Taxes*, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The effects of this transitional change are as follows:

(1) premium on flow-through shares: (i) increased share capital at January 1, 2010 by $282,675 and (ii) increased deficit by $282,675 with respect to the issuance of flow-through shares prior to January 1, 2010;

(2) the premium paid for flow-through shares in excess of the market value of the shares without the flow through features is initially recognized as a liability and subsequently recorded in other income after the Company filed the appropriate renunciation forms with the Canadian taxation authorities. Accordingly, the deferred premium at January 1, 2010 was reduced and other income increased to reflect the qualifying flow-through expenditures completed prior to January 1, 2010.

(b) Share based payments (related to stock options)

(i) Under IFRS each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches using the accelerated method. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Under Canadian GAAP the fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

The effect of applying IFRS 2 was an increase to stock based compensation expense by $29,303 for the year ended December 31, 2010, with an offsetting adjustment to contributed surplus.

(Expressed in Canadian dollars)

15. TRANSITION TO IFRS FROM CANADIAN GAAP (continued)

Reconciliation of statement of financial position from previous Canadian GAAP to IFRS as at January 1, 2010 and December 31, 2010:

	January 1, 2010			December 31, 2010		
	Previous GAAP	Effect of transition	IFRS	Previous GAAP	Effect of transition	IFRS
ASSETS						
Current Assets						
Cash and cash equivalents	$ 496,095	$ -	$ 496,095	$ 943,408	$ -	$ 943,408
Sales tax receivable	7,846	-	7,846	35,789	-	35,789
Prepaid expenses and deposits	152,977	-	152,977	152,984	-	152,984
Advances on exploration expenditures	-	-	-	12,604	-	12,604
Total current assets	656,918	-	656,918	1,144,785	-	1,144,785
Non-current assets						
Equipment	3,748	-	3,748	2,675	-	2,675
Exploration and evaluation assets	5,674,398	-	5,674,398	5,968,138	-	5,968,138
Total non-current assets	5,678,146	-	5,678,146	5,970,813	-	5,970,813
TOTAL ASSETS	$ 6,335,064	$ -	$ 6,335,064	$ 7,115,598	$ -	$ 7,115,598
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued liabilities	$ 358,381	$ -	$ 358,381	$ 566,037	$ -	$ 566,037
Liabilities for shares to be issued	275,000	-	275,000	348,000	-	348,000
Total liabilities	633,381	-	633,381	914,037	-	914,037
Equity						
Share Capital	$ 8,839,569	$ 282,675	$ 9,122,244	$ 9,833,251	$ 282,675	$ 10,115,926
Shares to be issued	147,682	-	147,682	-	-	-
Warrants	-	-	-	294,073	-	294,073
Contributed surplus	1,141,133	-	1,141,133	1,164,003	29,303	1,193,306
Accumulated deficit	(4,426,701)	(282,675)	(4,709,376)	(5,089,766)	(311,978)	(5,401,744)
Total equity	5,701,683	-	5,701,683	6,201,561	-	6,201,561
TOTAL LIABILITIES AND EQUITY	$ 6,335,064	$ -	$ 6,335,064	$ 7,115,598	$ -	$ 7,115,598

(Expressed in Canadian dollars)

15. TRANSITION TO IFRS FROM CANADIAN GAAP (continued)

Reconciliation of Statement of Loss and Comprehensive Loss from previous Canadian GAAP to IFRS for the year ended December 31, 2010:

	Previous GAAP	Effect of transition	IFRS
Expenses			
Management compensation	$ 195,000	-	$ 195,000
Legal and audit	111,933	-	111,933
Consulting services	190,000	-	190,000
Office and general	60,910	-	60,910
Share based payments	22,870	29,303	52,173
Investor relations	83,000	-	83,000
Interest and bank charges	1,542	-	1,542
Write down of mineral properties	-	-	-
Loss before other items	(665,255)	29,303	(694,558)
Other items			
Interest income	2,190	-	2,190
Net loss and comprehensive loss for the year	$ (663,065)	$ 29,303	$ (692,368)

The adoption of IFRS has had no material impact on the net cash flows of the Company. No reconciliations have been presented.

(Expressed in Canadian dollars)

16. GENERAL AND CORPORATE EXPENSES

For the year ended December 31		2011		2010
Management compensation	$	195,000	$	195,000
Legal, audit and accounting		71,578		111,933
Consulting services		68,000		95,000
Investor relations		60,000		83,000
Directors fees		31,500		95,000
Rent		15,201		15,134
Insurance		11,750		6,623
Transfer agent and shareholder communication		11,093		10,539
Administrative and general		8,707		23,851
Stock exchange fees		3,600		3,690
Depreciation		908		1,073
Interest and bank charges		345		1,542
	$	477,682	$	642,385

17. SUBSEQUENT EVENTS

Subsequent to the December 31, 2011, the Company acquired an option to acquire the Mink Lake Gold Project, located approximately 110 kms east-northeast from the Town of Red Lake in the Birch-Uchi Greenstone Belt. The Project is comprised of 9 unpatented mining claims totaling 123 units (the “Property”).

Renforth acquired the option on the Mink Lake Gold Project from Accolade Resources Corporation (“Accolade”) through the assumption of Accolade’s rights and obligations under a Purchase Option Agreement (the “Option Agreement”) between Accolade and an arm’s length exploration and development company (the “Optionor”). Renforth now has the right to earn 100% ownership in the Property, subject to a 2% Net Smelter Return Royalty in favour of the Optionor (half of which can be purchased back for a payment of one million dollars to the Optionor), by making the following payments to the Optionor:

1) $15,000 by September 30, 2012;
2) $20,000 by September 30, 2013; and
3) $25,000 by September 30, 2014.

This is a total of $60,000 in payments, which can be accelerated at the election of Renforth.