

RENFORTH RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO SHAREHOLDERS

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three months ended March 31, 2012 and 2011 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (see notes 2 & 3 to the interim consolidated financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors Involvement

The external auditors of Renforth Resources Inc., have not audited or performed a review of the unaudited interim financial statements for the three months ended March 31, 2012 and 2011 nor have they conducted any procedures with respect to the supplementary financial schedules included herein.

RENFORTH RESOURCES INC.**Condensed Interim Statements of Financial Position**

(Expressed in Canadian dollars)

(Unaudited)

	As at March 31, 2012	As at December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents (<i>note 5</i>)	\$ 171,832	\$ 254,691
Sales tax receivable	34,814	23,379
Prepaid expenses and deposits	-	7,929
Advances on exploration expenditures	30,469	51,219
Total current assets	237,115	337,218
Non-current assets		
Equipment (<i>note 6</i>)	2,740	2,994
Exploration and evaluation assets (<i>note 7</i>)	6,204,980	6,164,617
Total non-current assets	6,207,720	6,167,611
TOTAL ASSETS	\$ 6,444,835	\$ 6,504,829
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 8</i>)	\$ 703,717	\$ 663,338
Liabilities for shares to be issued (<i>note 9(d)</i>)	-	-
Total liabilities	703,717	663,338
Equity		
Share capital (<i>note 9 (b)</i>)	\$ 10,548,903	\$ 10,548,903
Warrant reserve (<i>note 9 (c)</i>)	294,073	294,073
Contributed surplus	1,247,557	1,242,857
Accumulated deficit	(6,349,415)	(6,244,342)
Total equity	5,741,118	5,841,491
TOTAL LIABILITIES AND EQUITY	\$ 6,444,835	\$ 6,504,829

Going concern (*note 1*)**Commitments and options** (*notes 7 and 12*)*The accompanying notes are an integral part of these financial statements.*

Approved by the Board

Signed:

"Nicole Brewster", Director

Signed:

"David Danziger", Director

RENFORTH RESOURCES INC.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2012 and March 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

	2012	2011
Expenses		
General and corporate(<i>note 14</i>)	\$ 100,373	\$ 101,769
Share based payments (<i>note 9(d)</i>)	4,700	21,161
Loss before other items	(105,073)	(122,930)
Other items		
Interest income	-	54
Net loss and comprehensive loss for the period	\$ (105,073)	\$ (122,876)
Basic and diluted loss per share (<i>note 10</i>)	\$ (0.00)	\$ (0.00)

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

RENFORTH RESOURCES INC.**Condensed Interim Statements of Cash Flows**

For the three months ended March 31, 2012 and March 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

	2012	2011
Cash flow from operating activities		
Net loss for the period	\$ (105,073)	\$ (122,876)
Items not affecting cash		
Share based payments	4,700	21,161
Gain on settlement of debt	-	-
Write down of exploration and evaluation assets	-	-
Depreciation	254	227
	(100,119)	(101,488)
Changes in non-cash working capital		
Sales tax receivable	(11,435)	(20,055)
Accounts payable and accrued liabilities	30,379	42,204
Prepaid expenses and deposits	7,929	1,798
	(73,246)	(77,541)
Cash flow from investing activities		
Additions to exploration and evaluation assets	(30,363)	(353,153)
Advances for mineral property expenditures	20,750	(83,453)
Additions of equipment	-	(1227)
	(9,613)	(437,833)
Cash flow from financing activities		
Issuance of common shares for cash	-	-
Share issue costs	-	-
	-	-
Decrease in cash and cash equivalents	(82,859)	(515,374)
Cash and cash equivalents beginning of period (note 5)	254,691	943,408
Cash and cash equivalents, end of period (note 5)	\$ 171,832	\$ 428,034

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

RENFORTH RESOURCES INC.**Condensed Interim Statements of Changes in Equity**

For the three months ended March 31, 2012 and March 31, 2011

(Expressed in Canadian dollars)

(Unaudited)

	Share capital	Share capital	Shares to be issued	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2010	88,724,139	10,115,926	-	1,193,306	294,073	(5,401,744)	6,201,561
Share based payments	-	-	-	21,161	-	-	21,161
Net loss and comprehensive loss for the period	-	-	-	-	-	(122,876)	(122,876)
Balance, March 31, 2011	88,724,139	10,115,926	-	1,214,467	294,073	(5,524,620)	6,099,846
Balance, December 31, 2011	99,999,669	10,548,903	-	1,242,857	294,073	(6,244,342)	5,841,491
Share based payments	-	-	-	4,700	-	-	4,700
Net loss and comprehensive loss for the period	-	-	-	-	-	(105,073)	(105,073)
Balance, March 31, 2012	99,999,669	10,548,903	-	1,247,557	294,073	(6,349,415)	5,741,118

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

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

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 May 14, 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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

The policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited consolidated financial statements for the year ended December 31, 2011. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2011.

The condensed interim consolidated financial statements were approved by the Board of Directors on May 14, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

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-12 Consolidated - 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.

IFRS 11 – Joint Arrangements

IFRS 11, Joint Arrangements (IFRS 11) was issued by the IASB on May 12, 2011 and will replace IAS 31, 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 IFRS 11 on its results of operations and financial position.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

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 three months ended March 31, 2012 and March 31, 2011. The Company is not subject to externally imposed capital requirements.

5. CASH AND CASH EQUIVALENTS

	As at March 31, 2012	As at December 31, 2011
Cash in bank	\$ 57,180	\$ 140,039
Short term bank deposits	114,652	114,652
	\$ 171,832	\$ 254,691

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.

RENFORTH RESOURCES INC.**Notes to Condensed Interim Financial Statements**

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

6. EQUIPMENT

	Computer equipment	Furniture	Total
Cost			
January 1, 2011	\$ 3,004	\$ 3,964	\$ 6,968
Additions	1,227	-	1,227
December 31, 2011	4,231	3,964	8,195
Additions/Dispositions	-	-	-
March 31, 2012	\$ 4,231	\$ 3,964	\$ 8,195
Accumulated Depreciation			
January 1, 2011	\$ 2,612	\$ 1,681	\$ 4,293
Depreciation	452	456	908
December 31, 2011	3,064	2,137	5,201
Depreciation	162	92	254
March 31, 2012	\$ 3,226	\$ 2,229	\$ 5,455
Carrying amounts			
January 1, 2011	\$ 392	\$ 2,283	\$ 2,675
December 31, 2011	1,167	1,827	2,994
March 31, 2012	\$ 1,005	\$ 1,735	\$ 2,740

RENFORTH RESOURCES INC.**Notes to Condensed Interim Financial Statements**

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

7. EXPLORATION AND EVALUATION ASSETS

	New Alger	Mink Lake	Kyle Properties	Attawapiskat	Total
Acquisition costs					
January 1, 2011	\$ 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
Additions	-	-	-	-	-
Dispositions	-	-	-	-	-
March 31, 2012	\$ 137,500	\$ -	\$ 30,000	\$ 626,777	\$ 794,277
Exploration					
January 1, 2011	\$ 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
Exploration and other geological	12,000	28,363	-	-	40,363
March 31, 2012	\$ 599,188	\$ 28,363	\$ 3,570,458	\$ 1,212,694	\$ 5,410,703
Carrying amounts					
January 1, 2011	\$ 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
March 31, 2012	\$ 736,688	\$ 28,363	\$ 3,600,458	\$ 1,839,471	\$ 6,204,980

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	<u>100,000</u>	-
	<u>\$250,000</u>	<u>2,500,000</u>

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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

7. EXPLORATION AND EVALUATION ASSETS - continued

Mink Lake Gold Project

On February 28, 2012, 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.

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. During the year ended December 31, 2011, these claims were written down by \$91,784 to their estimated net realizable value.

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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

7. EXPLORATION AND EVALUATION ASSETS (continued)

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.

During 2010, Renforth analyzed 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.

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 three months ended March 31, 2012 and March 31, 2011:

For the three months ended March 31	2012	2011
Salary or other short term benefits	\$ 45,000	\$ 45,000
Share based payments issued	-	-
Directors' fees	-	-
	\$ 45,000	\$ 45,000

(b) Other related party balances and transactions

As at March 31, 2012, \$501,500 (December 31, 2011 - \$ 471,500) is owed to the CEO for past management and directors fees. This amount is included in accounts payable and accrued liabilities.

As at March 31, 2012, \$47,500 (December 31, 2011 - \$47,500) is owed to two independent directors for director fees owing. This amount is included in accounts payable and accrued liabilities.

As at March 31, 2012, \$31,500 (December 31, 2011 - \$31,500) has been accrued for 2011 directors fees.

During the three months ended March 31, 2012, the Company was charged \$13,465 (2011-\$2,737) 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 three months ended March 31, 2012, the Company was charged \$12,000 (2011-\$12,000) in geological consulting fees included in exploration and evaluation assets by a company owned by a director of the Company.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

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, 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 (i)	1,360,000	27,200
Issued in accordance with a property agreement (ii)	1,000,000	30,000
Issued in accordance with a property agreement (iii)	2,000,000	30,000
Balance, December 31, 2011 and March 31, 2012	99,999,669	10,548,903

- (i) On September 23, 2011, the Company issued 1,360,000 common shares at \$0.02 per share for services rendered.
- (ii) 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).
- (iii) 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 the three months ended March 31, 2012:

	Warrants outstanding	Value
Balance at December 31, 2011 & March 31, 2011	12,373,333	\$ 294,073

Summary of warrants outstanding as at March 31, 2012:

Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Issue Date	Weighted Average Remaining Life
8,816,000	\$ 0.10	22-Oct-12	22-Oct-10	0.56
3,557,333	0.12	19-Nov-12	19-Nov-10	0.64
12,373,333	\$ 0.106			0.58

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

9. SHARE CAPITAL - continued

d) Stock option plan

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 three months ended March 31, 2012, stock option expense of \$4,700 (2011 - \$21,161) 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 \$4,550 (2010 - \$21,161) was related to directors and officers and \$150 (2010 - \$-) to consultants compensation.

As at March 31, 2012, the weighted average exercise price of options outstanding and options exercisable were as follows:

	March 31, 2012		December 31, 2011	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of period	5,880,000	\$ 0.157	5,930,000	\$ 0.243
Expired	(250,000)	\$0.28	(1,300,000)	0.244
Granted	-	-	1,250,000	0.050
Outstanding – end of period	5,630,000	\$ 0.151	5,880,000	\$ 0.157
Exercisable – end of period	5,217,500	\$ 0.159	5,155,000	\$ 0.172

As at March 31, 2012 the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
150,000	0.28	1-Feb-13	150,000	0.84
300,000	0.28	10-Apr-13	300,000	1.03
1,500,000	0.28	10-Nov-13	1,500,000	1.61
680,000	0.10	14-Oct-12	680,000	0.54
1,750,000	0.10	26-Oct-15	1,750,000	3.57
850,000	0.05	30-Sep-16	637,500	4.50
400,000	0.05	21-Nov-16	200,000	4.65
5,630,000			5,217,500	2.69

The weighted average fair value of options issued during the period was \$nil (2010 - \$nil).

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

(Expressed in Canadian dollars)

(Unaudited)

10. LOSS PER COMMON SHARE

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

For the three months ended March 31	2012	2011
Numerator:		
Net loss attributable to common shareholders		
- basic and diluted	\$ (105,073)	\$ (122,876)
Denominator:		
Weighted average common shares outstanding		
- basic	99,999,669	88,724,139
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2012 and 2011 because their impact was anti-dilutive.

11. 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 three months ended March 31, 2012 and March 31, 2011.

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 March 31, 2012, the Company had a cash and cash equivalent balance of \$171,832 (2011 - 254,691) to settle current financial liabilities of \$703,717 (2011 - \$663,338). The Company is actively searching for financing to fund its operations.

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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

March 31, 2012

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(Unaudited)

11. FINANCIAL RISK FACTORS (continued)

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 March 31, 2012, 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 \$1,700 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.

12. 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.

13. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

For the three months ended March 31	2012	2011
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Monetary Transactions:		
Shares to be issued in exchange for exploration and evaluation assets	\$ -	\$ -

RENFORTH RESOURCES INC.

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(Expressed in Canadian dollars)

(Unaudited)

14. GENERAL AND CORPORATE EXPENSES

For the three months ended March 31	2012	2011
Management compensation	\$ 45,000	\$ 45,000
Legal and audit	17,341	6,412
Consulting services	7,500	23,500
Investor relations	15,000	15,000
Rent	3,800	3,800
Insurance	2,490	1,798
Transfer agent and shareholder communication	914	3,270
Administrative and general	7,174	1,862
Stock exchange fees	900	900
Amortization	254	227
	\$ 100,373	\$ 101,769

15. SUBSEQUENT EVENTS

On April 10, 2012, the Company granted a total of 250,000 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.