

## RENFORTH RESOURCES INC.

### MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the three and nine months ended September 30, 2012

*The following is a discussion and analysis of the activities, results of operations and financial condition of Renforth Resources Inc. ("Renforth" or the "Company") for three and nine months ended September 30, 2012 and the comparable periods ended September 30, 2011. The discussion should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended September 30, 2012 and September 30, 2011 and related notes thereto, and the audited annual financial statements for the years ended December 31, 2011 and 2010. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All monetary amounts are reported in Canadian dollars unless otherwise noted.*

The effective date for this report is November 29, 2012.

#### Overview of Operations

Renforth Resources Inc. is a Toronto-based precious metal, base metal and diamond exploration company. Renforth has significant concessions in Red Lake, Ontario (Red Lake Project) Birch-Uchi Greenstone Belt Ontario (Mink Lake Project), Val d'Or, Quebec (New Alger Gold Project); and at the McFauld's Lake "Ring of Fire" discovery area of northern Ontario. In addition to this the Company is evaluating additional exploration opportunities on an ongoing basis.

Renforth is currently focused on the exploration of the Red Lake/Mink Lake Gold Project and the New Alger Gold Project.

Renforth has an option to acquire the Mink Lake Gold Project. This project is located approximately 110 kms east-northeast from the Town of Red Lake in the Birch-Uchi Greenstone Belt in Ontario, Canada. The Project is comprised of 9 unpatented mining claims totaling 123 units over 1658 hectares. The property encompasses several known gold showings that have been the subject of historic exploration. The Company also has an option to acquire 100% interest in 50 unpatented claims in the area and has another 130 staked units. Together, Renforth holds in excess of 127 square km in this prolific Red Lake district. The Mink Lake Gold Project represents accessible exploration for Renforth, and, along with Renforth's New Alger Gold Project, an opportunity to build shareholder value through basic exploration on prospective ground with historically identified gold occurrences.

Renforth is the operator on a Joint Venture with Cadillac Ventures Inc. on the New Alger Gold Project. The Property is currently owned by Cadillac and encompasses the historically productive Thomson-Cadillac mine. The Property covers an area of 317.4 hectares and is located within the Cadillac Mining Camp, only several hundred meters from the currently operating LaRonde Mine. In August 2011, Renforth released a NI 43-101 Technical Report on the project, and is currently working on a preliminary re-interpretation of the mineralization and plans to continue drilling. The New Alger project is strategically located in the prolific Cadillac break between Rouyn and Val D'or Quebec.

#### 2012 Highlights

On August 15, 2012 the Company reported that it entered into an option agreement to acquire a 100% undivided interest in 50 unpatented mining claims situated in the Townships of Shabumeni Lake, Little Shabumeni Lake, Casummit Lake and Satterly Lake in the District of Red Lake, Ontario. In addition to this the Company has staked 130 units in the area which join the Mink Lake Property to the optioned ground, forming one large land block.

On July 20, 2012, the Company consolidated all of its issued and outstanding common shares on the basis of five (5) pre-consolidation shares for one (1) post-consolidation share.

On June 28, 2012, the Company issued 13,078,720 common shares (2,615,744 common shares post consolidation) at a deemed price of \$0.05 per share (\$0.25 per share post consolidation) for settlement of debt in the amount of

\$653,936. The shares had a market value of \$0.005 per share (\$0.025 per share post consolidation) and resulted in a gain on settlement of \$580,855.

On April 1, 2012, the Company sold its interest in three claims located in Northern Ontario (Solna claims). The claims were sold for net proceeds of \$387,000. These were massive sulphide target claims, upon which initial exploration did not find any technically compelling reason to continue with exploration and were deemed non-material to the Company.

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.

On April 18, 2012, the Company appointed Nicole Brewster as the new CEO of Renforth. Ms. Brewster comes to Renforth with a successful private company background in the mineral exploration industry, both as a property owner, an exploration contractor and a management consultant. Ms. Brewster is the managing partner, in charge of the business affairs, of two exploration contracting companies, and maintains a role in other private companies. In addition to an experienced and successful exploration operator Ms. Brewster is also a significant shareholder in Renforth, and very motivated to add shareholder value to the Company.

### **Overview of the nine months ended September 30, 2012 compared to September 30, 2011**

The Company reported a net income and comprehensive income of \$189,914 for the nine months ended September 30, 2012, compared to a loss of \$396,332 for the nine months ended September 30, 2011. The net income for the period is due to the gain on the settlement of debt.

The Company had cash of \$318,208 at September 30, 2012, compared to \$254,691 as at December 31, 2011. The increase in cash was due to the proceeds of \$387,000 on the sale of three of the Company's mining claims located in Northern Ontario.

Total exploration expenditures on mineral properties in 2012 amounted to \$184,150 (\$72,392 of acquisition costs, \$113,658 of expenditures on exploration and management of the properties). These expenditures included geophysics, staking fees, data compilation, line-cutting and analysis. Included in acquisition costs was \$10,000 paid to Cadillac Ventures Inc. for an extension on the joint venture agreement.

### **Projects**

#### **Mink Lake Gold Project**

On February 18, 2012, the Renforth 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 over 1658 hectares (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.

## 2012 Exploration

During the nine months ended September 30, 2012, Renforth had a small field program, consisting of some ground geophysics (which had to be halted early due to the unusually early spring melt conditions in northwestern Ontario) and a small reconnaissance and sampling program on the property. This campaign was successful in locating and sampling quartz veining at the Finn showing, which samples have been submitted for assaying. The results will be released as soon as available.

Renforth spent approximately \$85,158 on the project during the nine months ended September 30, 2012:

	<b>2012</b>	<b>2011</b>
Administration	\$ 597	\$ -
Claims cost	67	-
Line-cutting	22,132	-
Technical director fees	16,000	-
Geology	13,455	-
Data compilation	11,923	-
Geophysics	20,984	-
	<b>\$ 85,158</b>	<b>\$ -</b>

On August 15, 2012, the Company entered into an option agreement to acquire a 100% undivided interest in 50 unpatented mining claims situated in the Townships of Shabumeni Lake, Little Shabumeni Lake, Casummit Lake and Satterly Lake in the District of Red Lake, Ontario. To exercise the option, Renforth is required to: (i) issue 250,000 common shares of Renforth to the optionor over three years (of which 100,000 shares were issued on September 12, 2012), and (ii) pay \$98,000 to the optionor over four years (of which an initial payment of \$20,000 was paid, as per the agreement).

In addition to this Renforth has staked 130 units in the area (at a cost of \$13,392) which join the Mink Lake Property to the optioned ground, forming one large land block.

### **New Alger Gold Project**

On October 13, 2009 Renforth entered into a joint venture agreement with Cadillac Ventures Inc (“Cadillac”) whereby Renforth shall have the right to acquire from Cadillac a 51% interest in the New Alger Gold Project in Quebec (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 (500,000 common shares post share consolidation) 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.

The joint venture (“Joint Venture”) became effective on November 1, 2009.

As at the date of this MD&A the Company has paid \$50,000 of the cash component to Cadillac and has issued 2,500,000 common shares (500,000 commons shares post consolidation).

On September 14, 2012, the Company and Cadillac have agreed that in consideration for a payment of \$10,000 by Renforth to Cadillac, the remaining cash payments and expenditures have been extended as follows:

- Cash payment of \$100,000 (previously due June 1, 2012), extended to August 13, 2013
- Cash payment of \$100,000 (previously due November 1, 2012), extended to August 13, 2014
- Exploration expenditures of \$1,000,000 (previously due June 1, 2012), extended to August 13, 2013
- Exploration expenditures of \$1,000,000 (previously due November 1, 2012), extended to August 13, 2014

Renforth is the operator and supervisor of exploration for the Joint Venture. Renforth may determine not to proceed at any time, and in that case shall have no further right or interest provided that upon \$1,500,000 in exploration expenditures and pro rata payments to Cadillac and share issuances (\$150,000 and 1,500,000 common shares (300,000 common shares post consolidation)), Renforth shall have earned a 30% interest in the Joint Venture which

may be repurchased by Cadillac for \$150,000 at the end of 36 months if Renforth has not earned the full 51% interest.

The Property is currently owned by Cadillac and encompasses the historically productive Thomson-Cadillac mine. It is located in Mining Concession No C.M. 0240PTA. The Property covers an area of 317.4 hectares and is located within the Cadillac Mining Camp, only several hundred meters from the currently operating LaRonde Mine.

Thompson Cadillac Mining Co. Ltd. mined the property from 1936-1939, producing 512 kg of gold and 26 kg of silver from 158,775 tons of ore at an average grade of 3.22 g/t Au. Various companies carried out limited amounts of underground and surface exploration work from 1940 – 1990.

#### 2012 Exploration

\$16,000 of geological consulting fees, and \$12,500 of management fees were capitalized to this property during the nine months ended September 30, 2012.

#### **Attawapiskat- James Bay Lowlands**

The project comprises of 11 claims located in the Mcfaulds Lake area of Ontario's James Bay Lowlands. These claims are strategically located around the "Ring of Fire" structure that appears to host MMS and VMS sulphide targets and kimberlite targets. The Company has a 55% interest in these claims.

#### 2012 Exploration

No exploration was conducted on these properties during the nine months ended September 30, 2012.

#### **Kyle Kimberlites**

The five Kyle properties are located west of the Attawapiskat River in the James Bay lowlands of Northern Ontario. The Kyle Series of kimberlites encompasses 5 kimberlites which have been proven to be diamondiferous, with varying stages of work completed on each, including Kyle Lake #1 and Kyle #3, both of which have undergone mini-bulk testing in earlier exploration campaigns. Kyle 2, 4 and 5 properties require additional exploration work, having been the subject of only preliminary drilling in 1994 and 1995.

Renforth has a 55% interest in the Kyle project. The Company's joint venture partners are KWG Resources Inc. and Cliffs Chromite Far North Inc.

Presently Renforth has no immediate short term plans for these properties, due in part to the fact that Spider has been taken over, and in the short term it is not clear what their intentions are with regard to the jointly held property.

Management is in discussions with its' joint venture partners and reviewing various options with regard to these properties and will inform shareholders further as information is available.

#### 2012 Exploration

No exploration was conducted on these properties during the nine months ended September 30, 2012.

### **Results of Operations**

#### *Revenues*

The exploration properties acquired by the Company are still in the early exploration and development stage. Until sufficient work has been completed to confirm the feasibility of any specific interest being placed into production, it is not anticipated that the Corporation will have any material revenue. No revenues have been reported for three and nine months ended September 30, 2012 and September 30, 2011.

#### *Other items*

Gain on settlement of debt – the Company settled \$653,936 of debt through the issuance of 13,078,720 common shares (2,615,744 common shares post consolidation) with a deemed price of \$0.05 per share (\$0.25 per share post consolidation). The shares had a market value of \$65,393 (\$0.005/per share/\$0.025 per share post consolidation) resulting in a gain of \$580,855.

Loss on sale of mining claims – the Company sold three mining claims for net proceeds of \$387,000. The claims had a book value of \$450,000.

*Expense analysis for the nine months ended September 30, 2012 compared to September 30, 2011:*

For the nine months ended September 30	% of 2012		2011	% Change
	2012	Total		
<b>General and corporate</b>				
Management compensation	\$ 137,833	41.93%	\$ 150,000	-8.11%
Legal, audit and accounting	84,461	25.69%	50,431	67.48%
Consulting services	25,000	7.61%	60,500	-58.68%
Investor relations	25,000	7.61%	50,000	-50.00%
Rent	11,401	3.47%	11,401	0.00%
Insurance	8,225	2.50%	8,826	-6.81%
Transfer agent and shareholder communication	5,103	1.55%	6,687	-23.70%
Administrative and general	19,601	5.96%	9,006	117.65%
Stock exchange fees	3,900	1.19%	2,700	44.44%
Amortization	761	0.23%	681	11.70%
Share based payments	7,433	2.26%	46,154	-83.90%
	\$ 328,718	100.00%	\$ 396,386	-17.07%

Management compensation comprised of CEO management fees of \$92,833 (2011 – \$90,000), and CFO management fees of \$45,000 (2011 - \$60,000).

Legal and audit include legal fees of \$55,960 (2011 – \$5,131) and audit and accounting fees of \$28,500 (2011 - \$45,245). Legal fees in the current period increased due to fees relating to the sale of mining claims, fees relating to the property option agreements and fee related to the issuance of shares. Audit fees were higher in the prior period due to work related to the conversion to International Financial Reporting Standards.

Consulting fees comprised of corporate administrative services \$25,000 (2011 - \$25,500) (services include keeping minutes, organizing meetings, assisting with new releases, updating fact sheet company presentation and website as needed, and general assistance to management), and \$nil (2011- \$35,000) to a consultant for work performed in the prior period on corporate development and assisting the CEO with some of the day to day affairs of the Company.

Investor relations expense continued in 2012 to assist with fundraising and educating investors on the Company's projects. The contract was terminated in May 2012 in an effort to conserve cash.

Administrative and general increase due to a regulatory fee paid this year in relation to the issuance of shares.

Other general and corporate expenses were in line with the prior year.

During the nine months ended September 30, 2012 a total of \$7,433 (2011 - \$46,154) was expensed with respect to that portion of the options vesting during the period. The stock option expense does not affect the cash resources of the Company. The timing of this expense is subject to the date of issue and vesting terms of the options. The values of the options are derived using the Black Scholes option pricing model in which subjective assumptions are used.

*Expense analysis for the three months ended September 30, 2012 compared to September 30, 2011:*

For the three months ended September 30	2012	% of 2011 Total	2011	%
				Change
General and corporate				
Management compensation	\$ 45,000	47.16%	\$ 45,000	0.00%
Legal and audit	25,651	26.88%	27,545	(6.87)%
Consulting services	7,500	7.86%	14,500	(48.28)%
Investor relations	-	0.00%	15,000	(100.00)%
Rent	3,800	3.98%	3,800	0.00%
Insurance	2,948	3.09%	2,924	0.82%
Transfer agent and shareholder communication	3,733	3.91%	2,010	85.73%
Administrative and general	4,706	4.93%	2,505	87.87%
Stock exchange fees	1,000	1.05%	900	11.11%
Amortization	254	0.27%	227	11.70%
Share based payments	833	0.87%	6,564	(87.31)%
	\$ 95,425	100.00%	\$ 120,975	-21.12%

Management compensation comprised of CEO management fees of \$30,000 (2011 – \$30,000), and CFO management fees of \$15,000 (2011 - \$15,000).

Legal and audit include legal fees of \$8,201 (2011 – \$2,450) and audit and accounting fees of \$17,450 (2011 - \$25,095). Legal fees in the current period increased due to fees related to the Company entering in to option agreements on mineral properties.

Consulting fees comprised of corporate administrative services \$7,500 (2011 - \$9,500) (services include keeping minutes, organizing meetings, assisting with new releases, updating fact sheet company presentation and website as needed, and general assistance to management), and \$nil (2011- \$5,000) to a consultant for work performed on corporate development and assisting the CEO with some of the day to day affairs of the Company.

Investor relations contract was cancelled in May 2012, in an effort to conserve cash.

Other general and corporate expenses were in line with the prior year.

During the three months ended September 30, 2012 a total of \$833 (2011 - \$6,564) was expensed with respect to that portion of the options vesting during the period. The stock option expense does not affect the cash resources of the Company. The timing of this expense is subject to the date of issue and vesting terms of the options. The values of the options are derived using the Black Scholes option pricing model in which subjective assumptions are used.

## Summary of Quarterly Results

	QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
	3	2	1	4	3	2	1	4
	2012	2012	2012	2011	2011	2011	2011	2010
Revenue	--	--	--	--	--	--	--	--
Income (Loss) before discontinued and extraordinary items	\$(95,217)	\$390,203	\$(105,072)	\$(446,266)	\$(120,975)	\$(152,481)	\$(122,876)	\$(366,110)
Income (Loss) per common share basic and fully diluted	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Net Income (loss)	\$(95,217)	\$390,203	\$(105,072)	\$(446,266)	\$(120,975)	\$(152,481)	\$(122,876)	\$(366,110)
Income (Loss) per common share basic and fully diluted	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

## Liquidity and Capital Resources

The Company's cash increased to \$318,208 at September 30, 2012, from \$254,691 at December 31, 2011. The Company's working capital was \$207,231 compared to working capital deficiency of \$326,120 at December 31, 2011. The increase in cash was due to the net proceeds of \$387,000 on the sale of three mining claims. These proceeds were offset by cash spent on operations of \$194,552 and cash spent on mineral properties of \$128,931. The increase in working capital was the result of the settlement of \$653,936 of debt by the issuance of 13,078,720 common shares (2,615,744 common shares post consolidation).

The Company is in discussions with a number of parties regarding providing additional financings for the Company.

At this time, the Company is not anticipating an ongoing profit from operations, therefore it will rely on its ability to obtain equity financing for growth. The ability of the Company to continue operations and carry out further desired exploration activities over the course of the next 12 months is dependent upon obtaining additional financing. The Company will seek to raise additional funding to finance future exploration programs. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's exploration programs and the acquisition of additional projects. There can be no guarantee that the Company will be able to secure any required financing.

In accordance with the joint venture agreement on the New Alger Gold Project, Renforth is required to spend \$1,000,000 by August 2013 and another \$1,000,000 by August 2014.

## Off-Balance Sheet arrangements

There are no off-balance sheet arrangements as at the date of this MD&A.

## Related Party Transactions

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 nine months ended September 30, 2012 and September 30, 2011:

For the nine months ended September 30	2012	2011
Salary or other short term benefits	\$ 137,833	\$ 150,000
Share based payments issued	500	-
Directors' fees	-	-
	<b>\$ 137,333</b>	<b>\$ 150,000</b>

Other related party balances and transactions

During the nine months ended September 30, 2012, the Company issued 1,612,060 common shares (322,412 common shares post consolidation) of the Company at a deemed price of \$0.05 per share (\$0.25 per share post consolidation) to Billiken Management Services Inc. ("Billiken"), a geological consulting company, for the settlement of outstanding fees in the amount of \$80,603. The Company's CEO, Nicole Brewster, is a shareholder of Billiken. The services relating to the Fees were rendered by Billiken prior to Ms. Brewster becoming CEO of the Company. The shares were issued on June 28, 2012 with a market value of \$0.005 per share (\$0.025 per share post consolidation).

The Company engages Billiken to manage the Company's exploration programs. From the period Nicole Brewster was appointed CEO to September 30, 2012, the Company was charged \$17,949 in exploration management fees. The Company also rents office space from Billiken at a rate of \$1,266 per month. During the period, the Company was charged \$6,334 for office rent.

During the nine months ended September 30, 2012, the Company issued 10,086,660 common shares (2,017,332 common shares post consolidation) of the Company at a deemed price of \$0.05 per share (\$0.25 per share post consolidation) (to settle debt of \$504,333) to David Danziger for previous management and director fees owing for services as President & Chief Executive Officer from 2008 until 2012. The shares were issued on June 28, 2012 with a market value of \$0.005 per share (\$0.025 per share post consolidation).

During the nine months ended September 30, 2012, the Company issued 1,380,000 common shares (276,000 common shares post consolidation) of the Company at a deemed price of \$0.05 per share (\$0.25 per share post consolidation) to one independent director and two former directors for outstanding director fees in the amount of \$69,000. The shares were issued on June 28, 2012 with a market value of \$0.005 per share (\$0.025 per share post consolidation). The Company also paid the independent director \$10,000 against previous year's director fees owing.

As at September 30, 2012, \$60,000 has been accrued to the CEO for management fees. This amount is included in accounts payable and accrued liabilities.

During the nine months ended September 30, 2012, the Company was charged \$13,053 (2011-\$5,186) in legal fees from a law firm in which a former director of the Company is a partner of the firm. These fees represent the period until the date of the director's resignation (April 10, 2012).



During the nine months ended September 30, 2012, the Company was charged \$20,000 (2011-\$36,000) in geological consulting fees included in exploration and evaluation assets by a company owned by a former director of the Company.

During the nine months ended September 30, 2012, the Company accrued \$16,000 (2011-\$nil) in geological consulting fees included in exploration and evaluation assets to the technical director of the Company.

During the nine months ended September 30, 2012, the Company was charged \$45,000 (2011-\$60,000) in management fees by a company owned by the Chief Financial Officer of the Company.

Transactions with related parties are in the normal course of business and are measured at the exchange amount,

The Company would still have to pay individuals or entities in order to obtain these services and carry out the business of the Company. The transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to between the Company and the related parties and did not differ from the arm's length equivalent value for these services.

### **Proposed Transactions**

There is no imminent decision by the Board of Directors of the Company with respect to any transaction.

### **Critical Accounting Estimates**

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.

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 development costs 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;
- management's position that there is no income tax considerations required within these financial statements;
- the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties where applicable.

## **Changes in 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.

#### **IFRS 12 – Disclosure of Interest in Other Entities**

IFRS 12, Disclosure of Interest in Other Entities ("IFRS 12") 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 ("IFRS 13") 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.

## **Financial Instruments and associated 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 and nine months ended September 30, 2012 and September 30, 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 September 30, 2012, the Company had a cash and cash equivalent balance of \$318,208 (2011 – 254,691) to settle current financial liabilities of \$124,021 (2011 - \$663,338).

### **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 September 30, 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 \$3,800 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.

## **Disclosure of Outstanding Share Data**

On July 20, 2012 the Company consolidated its share capital on a 5 for 1 basis. The following data reflects the numbers on a post consolidated basis.

The following is for disclosure of information relating to the outstanding securities of the Company:

As at the date of this MD&A the Company had 22,615,672 common shares issued and outstanding.

As at the date of this MD&A the Company had 640,000 stock options outstanding.

## **Other Disclosure**

### **Risks**

The Corporation's business is subject to a variety of risks and uncertainties. The exploration and development of mineral properties entails significant financial risk. Significant expenditures are required to assess a property and its mineralization.

### **Price Volatility**

Any future earnings will be directly related to the price of precious and base metals. Such prices have fluctuated over time and are affected by numerous factors beyond the control of the Corporation.

### **Mining Risk**

Renforth's mining exploration operations are subject to conditions beyond its control, which can affect the cost of the work for varying lengths of time.

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the Corporation's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

### **Environment**

Operations, development and exploration projects could potentially be affected by environmental laws and regulations of the country in which the activities are undertaken. The environmental standards continue to change and the global trend is to a longer, more complex process. Although the Corporation continuously reviews environmental matters and undertakes to comply with changes as expeditiously as possible, there is no assurance that existing or future environmental regulation will not materially adversely affect the Corporation's financial condition, liquidity and results of operation.

Certain environmental issues, such as storm events, tailings storage seepage, dust and noise emissions, while having been assessed and strategies based on best practices have been adopted, there can be no assurance an unforeseen event will not occur which could have a material adverse effect on the viability of the Corporation's business and affairs.

### **Government Regulation**

The Corporation's operations are subject to significant regulation and laws which control not only the exploration and mining of mineral properties but also the possible effects of such activities upon the environment. Changes in current legislation or future legislation could result in additional expenses, restrictions and delays.

**Key Personnel**

The Corporation's future success is dependent in large part upon the continued services of certain key personnel. Failure to retain such personnel or failure to attract qualified management in the future, could adversely affect the Corporation's ability to manage its operations.

**Financing**

Renforth is dependent upon raising financing from third parties in order to continue its operations. There is no guarantee that such financing will be available on commercially suitable terms or at all. Failure to obtain additional financing will materially adversely affect the operations and business of the Corporation.

**Forward-Looking Statements**

*This Management's Discussion and Analysis of Financial Conditions and Results of Operations contains certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the Corporation believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Corporation with Canadian security regulatory authorities, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Corporation's control. These factors may cause the actual results of the Corporation to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Renforth Resources Inc. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements.*