RENFORTH RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

(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, 2013 and 2012, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company had continuing losses during the year ended December 31, 2013 and a cumulative deficit as at December 31, 2013. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 24, 2014

RENFORTH RESOURCES INC.

Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31, 2013	As at December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents *(note 5)*	**$ 160,981**	$ 540,172
Sales tax receivable	**6,307**	21,638
Prepaid expenses and deposits	**5,234**	3,013
Total current assets	**172,522**	564,823
Non-current assets		
Equipment *(note 6)*	**291**	2,105
Exploration and evaluation assets *(notes 7and 8)*	**1,561,824**	1,014,059
Total non-current assets	**1,562,115**	1,016,164
TOTAL ASSETS	**$ 1,734,637**	$ 1,580,987
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities *(note 8)*	**$ 410,305**	$ 161,100
Deferred flow through share premium	**41,089**	5,250
Total liabilities	**451,394**	166,350
Equity		
Share capital *(note 9 (b))*	**11,211,516**	10,850,345
Warrant reserve *(note 9 (c))*	**12,856**	33,895
Contributed surplus	**1,603,391**	1,505,483
Accumulated deficit	**(11,544,520)**	(10,975,086)
Total equity	**1,283,243**	1,414,637
TOTAL LIABILITIES AND EQUITY	**$ 1,734,637**	$ 1,580,987

Going concern (*note 1*)

Commitments and contingencies *(notes 7 and 13)*

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

Approved by the Board

Signed:

"Nicole Brewster", Director

Signed:

"Wally Rudensky", Director

RENFORTH RESOURCES INC.

Statements of Loss and Comprehensive Loss
For the years ended December 31, 2013 and December 31, 2012
(Expressed in Canadian dollars)

	2013	2012
Expenses		
General and corporate *(notes 8 and 15)*	**$ 194,683**	$ 292,859
Share based payments (*note 9(d)*)	**68,503**	7,517
Loss before other items	**$ (263,186)**	$ (300,376)
Other items		
Gain on settlement of debt *(note 8)*	**-**	580,855
Loss on sale of exploration and evaluation assets	**-**	(63,000)
Write down of exploration and evaluation assets (*Note 7*)	**(316,212)**	(4,988,028)
Other income	**5,250**	-
Interest income	**224**	841
Loss before income taxes	**$ (573,924)**	$(4,769,708)
Income taxes recovery (*note 11*)	**4,490**	38,964
Net loss and comprehensive loss for the year	**$ (569,434)**	$ (4,730,744)
Basic and diluted loss per share (*note 10*)	**$ (0.02)**	$ (0.22)

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

RENFORTH RESOURCES INC.

Statements of Cash Flows
For the years ended December 31, 2013 and December 31, 2012
(Expressed in Canadian dollars)

	2013	2012
Cash flow from operating activities		
Net loss for the year	**$ (569,434)**	$ (4,730,744)
Items not affecting cash:		
Share based payments	**68,503**	7,517
Write down of exploration and evaluation assets	**316,212**	4,988,028
Other income	**(5,250)**	-
Gain on settlement of debt	**-**	(580,855)
Loss on sale of exploration and evaluation assets	**-**	63,000
Deferred income tax recovery on expired warrants	**(4,490)**	(38,964)
Depreciation	**1,814**	889
	(192,645)	(291,129)
Changes in non-cash working capital:		
Sales tax receivable	**15,331**	(5,553)
Accounts payable and accrued liabilities	**(22,520)**	151,304
Prepaid expenses and deposits	**(2,221)**	4,916
Total cash flows from operating activities	**(202,055)**	(140,462)
Cash flow from investing activities		
Additions to exploration and evaluation assets	**(384,252)**	(232,251)
Net proceeds from sale of exploration and evaluation assets	**-**	387,000
Total cash flows from investing activities	**(384,252)**	154,749
Cash flow from financing activities		
Issue of common shares	**207,068**	254,078
Issue of warrants	**20,982**	33,422
Share issue costs	**(20,934)**	(16,306)
Total cash flows from financing activities	**207,116**	271,194
(Decrease) increase in cash and cash equivalents	**(379,191)**	285,481
Cash and cash equivalents beginning of year (*note 5*)	**540,172**	254,691
Cash and cash equivalents, end of year (*note 5*)	**$ 160,981**	$ 540,172

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

RENFORTH RESOURCES INC.

Statements of Changes in Equity
For the years ended December 31, 2013 and December 31, 2012
(Expressed in Canadian dollars)

	Share capital	Share capital	Contributed surplus	Warrant reserve	Deficit	Total
	#	$	$	$	$	$
Balance, December 31, 2011	99,999,669	10,548,903	1,242,857	294,073	(6,244,342)	5,841,491
Share based payments	-	-	7,517	-	-	7,517
Shares issued for settlement of debt	13,078,720	65,393	-	-	-	65,393
Share consolidation (note 9(b)(ii))	(90,462,717)	-	-	-	-	-
Shares issued under option agreement	100,000	4,000	-	-	-	4,000
Shares issued under private placement	5,750,000	287,500	-	-	-	287,500
Share issue costs	-	(16,779)	-	473	-	(16,306)
Valuation of warrants issued under private placement	-	(33,422)	-	33,422	-	-
Flow through share premium	-	(5,250)	-	-	-	(5,250)
Expiry of warrants	-	-	294,073	(294,073)	-	-
Deferred tax recovery on expired warrants	-	-	(38,964)	-	-	(38,964)
Net loss and comprehensive loss for the year	-	-	-	-	(4,730,744)	(4,730,744)
Balance, December 31, 2012	28,465,672	10,850,345	1,505,483	33,895	(10,975,086)	1,414,637
Share based payments	-	-	68,503	-	-	68,503
Shares issued on property purchase agreement	2,000,000	40,000	-	-	-	40,000
Shares issued under private placement	3,738,500	228,050	-	-	-	228,050
Share issue costs	-	(22,755)	-	1,821	-	(20,934)
Valuation of warrants issued under private placement	-	(11,035)	-	11,035	-	-
Flow through share premium	-	(41,089)	-	-	-	(41,089)
Expiry of warrants	-	-	33,895	(33,895)	-	-
Deferred tax recovery on expired warrants	-	-	(4,490)	-	-	(4,490)
Shares issued as per purchase agreement	4,200,000	168,000	-	-	-	168,000
Net loss and comprehensive loss for the year	-	-	-	-	(569,434)	(569,434)
Balance, December 31, 2013	38,404,172	11,211,516	1,603,391	12,856	(11,544,520)	1,283,243

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 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 24, 2014.

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 exploration and evaluation assets 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. The amounts shown as exploration and evaluation assets do not necessarily represent present or future values. 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. Management is aware, in making its assessment of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern. The Company has incurred a loss in the current and prior periods, a net loss of $569,434 for the year ended December 31, 2013 (2012 - $4,730,744) and has an accumulated deficit of $11,544,520 (2012 - $10,975,086) and a working capital deficiency of $278,872 (2012 – surplus of $398,473).

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 reporting date.

Functional currency

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

Critical judgments and estimation uncertainties

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

- Assets' carrying values and impairment charges
  In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- Capitalization of exploration and evaluation costs
  Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgement, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 7 for details of capitalized exploration and evaluation costs.

- Impairment of exploration and evaluation assets
  While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers includes changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future cash flows expected to be derived from the Company's properties, costs to sell the properties and the appropriate discount rate.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE (continued)

Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

- Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at December 31, 2013 and 2012, 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.

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, the tax asset is not recognized.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, 2013 and 2012, all issued and outstanding warrants and options were anti-dilutive and were excluded from the diluted loss per share calculations.

Share-based payments

The Company has a stock option plan (the "Plan") which is discussed in note 9(d). 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.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

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 the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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	Loans and receivables
Sales tax receivable	Loans and receivables

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

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.

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2014 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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, 2018. Earlier adoption is permitted.

IAS 19 - Employee Benefits ("IAS 19") was amended by the IASB in November 2013 to simplify the accounting for contributions from employees or third parties to defined benefit plans that are independent of the number of years of service. The amendments to IAS 19 are effective for annual periods beginning on or after July 1, 2014. Earlier adoption is permitted.

IAS 32 – Financial Instruments: Presentation ("IAS 32") was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014.

IAS 36 – Impairments of Assets ("IAS 36") was amended by the IASB in May 2013 to clarify the requirements to disclose the recoverable amounts of impaired assets and require additional disclosures about the measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 are effective for annual periods beginning on or after January 1, 2014.

IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39") was amended by the IASB in June 2013 to clarify that novation of a hedging derivative to a clearing counterparty as a consequence of laws or regulations or the introduction of laws or regulations does not terminate hedge accounting. The amendments to IAS 39 are effective for annual periods beginning on or after January 1, 2014.

IFRIC 21 – Levies ("IFRIC 21") was issued in May 2013. IFRIC 21 provides guidance on the accounting for levies within the scope of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

Current accounting changes

During 2013, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 10, IFRS 11, IFRS 12, IFRS 13, and IAS 1. These new standards and changes did not have any material impact on the Company's financial statements.

(Expressed in Canadian dollars)

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 years ended December 31, 2013 and 2012. The Company is not subject to externally imposed capital requirements.

5. CASH AND CASH EQUIVALENTS

	As at December 31, 2013	As at December 31, 2012
Cash in bank	**$ 160,981**	$ 499,880
Short term bank deposits	**-**	40,292
	$ 160,981	$ 540,172

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 in Canada. The fair value of cash and cash equivalents approximates the values disclosed in this note.

(Expressed in Canadian dollars)

6. EQUIPMENT

	Computer equipment	Furniture	Total
Cost			
December 31, 2011	$ 4,231	$ 3,964	$ 8,195
Additions/Dispositions	-	-	-
December 31, 2012	4,231	3,964	8,195
Additions/Dispositions	-	-	-
December 31, 2013	**$ 4,231**	**$ 3,964**	**$ 8,195**
Accumulated Depreciation			
December 31, 2011	$ 3,064	$ 2,137	$ 5,201
Depreciation	524	365	889
December 31, 2012	3,588	2,502	6,090
Depreciation	352	1,462	1,814
December 31, 2013	**$ 3,940**	**$ 3,964**	**$ 7,904**
Carrying amounts			
December 31, 2012	$ 643	$ 1,462	$ 2,105
December 31, 2013	**$ 291**	**$ -**	**$ 291**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	New Alger	Red Lake/Mink Lake	Kyle Properties	Attawapiskat	Total
Acquisition costs					
December 31, 2011	$ 137,500	$ -	$ 30,000	$ 626,777	$ 794,277
Additions	20,000	52,393	-	-	72,393
Disposition	-	-	-	(231,000)	(231,000)
Write down	-	-	(30,000)	(395,777)	(425,777)
December 31, 2012	157,500	52,393	-	-	209,893
Additions	478,000	-	-	-	478,000
Write down	-	(52,393)	-	-	(52,393)
December 31, 2013	**$ 635,500**	**$ -**	**$ -**	**$ -**	**$ 635,500**
Exploration					
December 31, 2011	$ 587,188	$ -	$ 3,570,458	$ 1,212,694	$ 5,370,340
Exploration and other geological	123,820	93,158	(1,900)	-	215,078
Write down	-	-	(3,568,558)	(993,694)	(4,562,252)
Disposition	-	-	-	(219,000)	(219,000)
December 31, 2012	711,008	93,158	-	-	804,166
Exploration and other geological	215,316	170,377	-	-	385,693
Write down	-	(263,535)	-	-	(263,535)
Disposition	-	-	-	-	-
December 31, 2013	**$ 926,324**	**$ -**	**$ -**	**$ -**	**$ 926,324**
Carrying amounts					
December 31, 2012	$ 868,508	$ 145,551	$ -	$ -	$ 1,014,059
December 31, 2013	**$1,561,824**	**$ -**	**$ -**	**$ -**	**$ 1,561,824**

New Alger Gold Project – Quebec (see subsequent events note 16)

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 (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.

As per the original 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 (100,000 shares post share consolidation)– issued
Formation date plus 12 months	25,000 paid	1,000,000 (200,000 shares post share consolidation)– issued
Formation date plus 24 months	100,000	1,000,000 (200,000 shares post share consolidation) – issued
Formation date plus 36 months	100,000	-
	$250,000	2,500,000 (500,000 shares post share consolidation)

7. EXPLORATION AND EVALUATION ASSETS (continued)

On January 28, 2013, Renforth entered into an agreement (the "**Purchase Agreement**") with Cadillac to acquire a 100% interest in Cadillac's New Alger Property, located in Cadillac Township, Québec. The Purchase Agreement supersedes previous agreements, as amended.

The Purchase Agreement provides for the payment to Cadillac of the following: (i) $20,000 cash and 2,000,000 common shares of Renforth at the time of signing the Agreement (paid and common shares issued), (ii) $210,000 cash by June 15, 2013 and (iii) $250,000 cash by November 15, 2013. Upon satisfaction of the foregoing conditions, Renforth will acquire a 100% interest in the property, subject to an existing 1% net smelter return royalty and Cadillac will retain an additional 1% net smelter return royalty.

On September 30, 2013, Renforth and Cadillac signed an agreement whereby Cadillac agreed to accept common shares in lieu of the June 15, 2013 cash payment at an agreed price of $0.05. On October 24, 2013, Renforth issued 4,200,000 common shares to Cadillac, valued at $168,000 based on the fair value of common shares at the date of issuance. (See Note 16)

The Purchase Agreement terminated the previous agreement between the parties under which Renforth had an option to acquire a 51% joint venture interest in the New Alger Property.

Mink Lake/Red Lake Gold Projects

On July 26, 2012, the Company entered into an option agreement with Rubicon Minerals Corporation (the "optionor"), to acquire a 100% undivided interest in certain 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 was required to: (i) issue 250,000 common shares of Renforth to the optionor over three years (of which 100,000 shares have been issued and valued at $4,000), and (ii) pay $98,000 to the optionor over four years (of which an initial payment of $20,000 was paid).

If Renforth acquires and begins commercial production on the Property, the optionor retains a production royalty equal to 1.5% of the net smelter returns, subject to Renforth's right to buy-back half of the royalty (0.75%) for $750,000.

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 had 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 (paid);
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.

As at December 31, 2013, Renforth wrote off all capitalized costs associated with the Mink Lake/Red Lake projects. The Company has not made its option payments that were due and have no further plans to explore these projects.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Attawapiskat – James Bay Lowlands

As at December 31, 2012, the remaining carrying value of the property was written off, as the Company has no current plans for exploration.

Kyle Kimberlite Properties

As at December 31, 2012, the carrying value of the property was written off, as the Company has no current plans for exploration.

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 relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended December 31, 2013 and December 31, 2012:

	2013	2012
Salary or other short term benefits	**$ 180,000**	$ 182,833
Share based payments issued	**56,100**	500
	$ 236,100	$ 183,333

(b) Other related party balances and transactions

The Company engages Billiken Management Services Inc. (“Billiken”), a geological consulting company, to manage the Company’s exploration programs. The Company’s CEO, Nicole Brewster, is a shareholder of Billiken For the year ended December 31, 2013, the Company was charged $232,680 (2012 - $19,268) in exploration related expenditures, and $120,000 (2012 - $90,000) in management fees for the CEO ($120,000 included in accounts payable as at December 31, 2013 (2012 - $103,632)). The Company also rents office space from Billiken at a rate of $1,266 per month. During the period, the Company was charged $10,134 (2012 - $10,134) for office rent.

During the year ended December 31, 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, for the settlement of outstanding fees in the amount of $80,603. 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).

During the year ended December 31, 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).

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

During the year ended December 31, 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.

During the year ended December 31, 2013, the Company was charged $nil (2012-$13,053) 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 year ended December 31, 2013, the Company was charged $nil (2012-$20,000) in geological consulting fees included in exploration and evaluation assets by a company owned by a former director of the Company.

During the year ended December 31, 2013, the Company was charged $36,000 (2012-$28,000) in geological consulting fees included in exploration and evaluation assets to a company owned by the technical director of the Company. As at December 31, 2013, $4,000 (2012 - $nil) is owing to this director and included in accounts payable.

During the year ended December 31, 2013, the Company was charged $60,000 (2012-$60,000) in management fees by a company owned by the Chief Financial Officer of the Company, for CFO services. As at December 31, 2013, $11,300 (2012 - $5,650) is owing to this director and included in accounts payable.

On December 17, 2012, the Company closed a private placement financing for aggregate gross proceeds of $287,500 through the issuance of 2,250,000 units ("Units") at $0.05 per Unit and 3,500,000 flow-through Units at $0.05 per Flow-Through Unit. The CEO and CFO participated in this financing and each subscribed for 200,000 flow-through units for gross proceeds of $20,000. Billiken subscribed for 1,800,000 non flow through units for gross proceeds of $90,000. A family member of the CEO subscribed for 250,000 non flow through units for gross proceeds of $12,500. Another family member of the CEO subscribed for 200,000 flow through units for gross proceeds of $10,000.

(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, December 31, 2011	99,999,669	$ 10,548,903
Shares issued for settlement of debt (i)	13,078,720	65,393
Share consolidation (ii)	(90,462,717)	-
Shares issued in accordance with an option agreement (iii)	100,000	4,000
Shares issued under private placement (iv)	5,750,000	287,500
Flow through share premium	-	(5,250)
Valuation of warrants (iv)	-	(33,422)
Share issue costs	-	(16,779)
Balance, December 31, 2012	28,465,672	10,850,345
Shares issued in accordance with purchase agreement (v)	2,000,000	40,000
Shares issued under private placement (vi)	1,615,000	91,050
Flow through share premium	-	(9,579)
Valuation of warrants (vi)	-	(6,352)
Share issue costs	-	(11,475)
Shares issued in accordance with purchase agreement (note 7)	4,200,000	168,000
Shares issued under private placement (vii)	2,123,500	137,000
Valuation of warrants (vii)	-	(4,683)
Share issue costs	-	(11,280)
Flow through share premium	-	(31,510)
Balance, December 31, 2013	38,404,172	$ 11,211,516

(i) On June 28, 2012, the Company issued 13,078,720 common shares (2,615,744 common shares post consolidation) at $0.005 per share ($0.025 per share post consolidation) for settlement of debt with related parties (note 8).

(ii) 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. All reference to common shares, options and warrants in these financial statements have been noted to reflect the share consolidation.

(iii) On September 12, 2012, the Company issued 100,000 common shares at $0.04 per share, in accordance with an option agreement (note 7).

9. SHARE CAPITAL - continued

(iv) On December 17, 2012 the Company closed a financing for aggregate gross proceeds of $287,500 through the issuance of 2,250,000 units ("Units") at $0.05 per Unit and 3,500,000 Flow-Through Units at $0.05 per Flow-Through Unit. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.05 for a period of 12 months following closing. These warrants were assigned a value of $15,726 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.23%; expected volatility 100%; expected dividend yield and an expected life of one year. Each Flow-Through Unit consists of one common share in the capital of the Company issued on a 'flow-through' basis, and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.07 for a period of 12 months following closing. These warrants were assigned a value of $17,697 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.23%; expected volatility 100%; expected dividend yield and an expected life of one year.

In connection with the Offering, the Company issued 52,500 compensation warrants to an arm's length third party for services rendered to the Corporation in respect of the Offering. Each compensation warrant is exercisable, for 12 months, for one common share of Renforth at $0.07 per share. These warrants were assigned a value of $473 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.23%; expected volatility 100%; expected dividend yield of 0% and an expected life of one year.

(v) On January 28, 2013, Renforth entered into an agreement with Cadillac to acquire a 100% interest in Cadillac's New Alger Property, located in the Cadillac Township, Québec. In accordance with this agreement Renforth issued 2,000,000 common shares to Cadillac at $0.02 per share (see note 7).

(vi) On July 25, 2013 the Company closed a non-brokered private placement financing (the "**Offering**") raising gross proceeds of $91,050 through the issuance of 1,100,000 units ("**Units**") at $0.05 per Unit and 515,000 flow-through units ("**Flow-Through Units**") at $0.07 per Flow-Through Unit. Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.10 for a period of 12 months following closing. Each Flow-Through Unit consists of one common share in the capital of the Company issued on a 'flow-through' basis, and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of $0.10 for a period of 12 months following closing. These warrants were assigned a value of $6,352 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.15%; expected volatility 100%; expected dividend yield of 0% and an expected life of one year.

In connection with the Offering, the Company issued 105,200 compensation warrants to arm's length third parties for services rendered to the Corporation in respect of the Offering. Each compensation warrant is exercisable, for 12 months, for one common share of Renforth at $0.10 per share. These warrants were assigned a value of $631 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.15%; expected volatility 100%; expected dividend yield and an expected life of one year.

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

(vii) On November 29, 2013, the Company closed a private placement offering (the "**Offering)** issuing 137 units ("**Units**") at $1,000 per Unit for aggregate gross proceeds of $137,000. Each Unit consists of 4,000 common shares of the Company ("**Shares**"), 11,500 common shares of the Company issued on a "flow-through" basis ("**Flow-Through Shares**") and 8,000 Share purchase warrants (a "**Warrant**"). Each Warrant entitles the holder to purchase one Share at a price of $0.10 up to November 29, 2014. In aggregate the Company issued 548,000 Shares, 1,575,500 Flow-Through Shares and 1,096,000 Warrants. These warrants were assigned a value of $4,683 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.07%; expected volatility 100%; expected dividend yield of 0% and an expected life of one year.

In connection with the closing of the first tranche of the Offering, the Company will pay to certain finders ("**Finders**") an aggregate cash commission of $9,590 and will issue to the Finders warrants to acquire up to an aggregate of 84,940 common shares at $0.10 per share for a period of 12 months following the date of issuance. These warrants were assigned a value of $1,190 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.07%; expected volatility 100%; expected dividend yield of 0% and an expected life of one year.

c) Share purchase warrants

The following summarizes the activity during the years ended December 31, 2013 and December 31, 2012:

	Warrants outstanding	Value
		$
Balance at December 31, 2011	12,373,333	294,073
Share consolidation (note 9(b)(ii))	(9,898,666)	-
Expiry of warrants	(2,474,667)	(294,073)
Issue of warrants	2,927,500	33,895
Balance at December 31, 2012	2,927,500	33,895
Issue of warrants – July 25, 2013	912,700	6,983
Issue of warrants – Nov 29, 2013	1,180,940	5,873
Expiry of warrants – December 17, 2013	(2,927,500)	(33,895)
Balance at December 31, 2013	2,093,640	12,856

Summary of warrants outstanding as at December 31, 2013:

Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Issue Date	Weighted Average Remaining Life	Grant Date Fair Value
912,700	$ 0.10	July 25, 2014	July 25, 2013	0.56	$ 6,983
1,180,940	0.10	Nov 28, 2014	Nov 28, 2013	0.91	5,873
2,093,640	**$ 0.10**			**0.76**	**$ 12,856**

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

d) 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 June 19, 2013, the Company granted 2,075,000 stock options to its directors, officers and consultants. 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 1.82%; and expected life of 5 years. The options were valued at $68,475 and vested on the date of grant.

On April 20, 2012, the Company granted a total of 250,000 stock options (50,000 stock options post consolidation) to an officer of the Company exercisable for one common share at $0.05 per share ($0.25 per share post consolidation), 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 1.64%; and expected life of 5 years. The options were valued at $500 and are being expensed over their vesting period. The options vested quarterly over 12 months from the date of grant.

For the year ended December 31, 2013, stock option expense of $68,503 (2012 - $7,517) 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 $56,128 (2012 - $7,384) was related to directors and officers and $12,375 (2012 – $133) to consultants compensation.

As at December 31, 2013, the weighted average exercise price of options outstanding and options exercisable were as follows:

	December 31, 2013		December 31, 2012	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of year	**640,000**	**$ 0.653**	**5,880,000**	**$ 0.157**
Expired	-	-	(2,250,000)	$ (0.152)
Granted	2,075,000	0.100	250,000	$ 0.050
Share consolidation	-	-	(3,104,000)	-
Expired	(350,000)	$ (0.873)	(136,000)	$ (0.500)
Outstanding – end of year	**2,365,000**	**$ 0.135**	**640,000**	**$ 0.653**
Exercisable – end of year	**2,365,000**	**$ 0.135**	**627,500**	**$ 0.661**

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

As at December 31, 2013 the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
160,000	0.50	26-Oct-15	160,000	1.82
80,000	0.25	30-Sep-16	80,000	2.75
50,000	0.25	20-Apr-17	50,000	3.30
2,075,000	0.10	19-June-18	2,075,000	4.47
2,365,000			2,365,000	4.21

The weighted average fair value per option issued during the year was $0.033 (2012- $0.002).

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	**2013**	**2012**
Numerator:		
Net loss attributable to common shareholders		
- basic and diluted	$ (569,434)	$ (4,730,744)
Denominator:		
Weighted average common shares outstanding		
- basic	31,978,924	21,583,573
Basic and diluted loss per common share	$ (0.02)	$ (0.22)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2013 and 2012 because their impact was anti-dilutive.

(Expressed in Canadian dollars)

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 26.5% (2012 – 26.50%) were as follows:

	2013	2012
Loss before recovery of income taxes	$ (573,924)	$ (4,769,708)
Statutory rate applied to loss for the year before income taxes	$ (152,000)	$ (1,264,000)
Increase (decrease) in taxes resulting from:		
Non-deductible stock-based compensation	18,000	2,000
Flow-through expenditures	36,000	46,400
Other items	7,510	(4,400)
Change in tax rates	(89,000)	72,040
Tax benefits not realized	175,000	1,108,996
	(4,490)	(38,964)
Current tax expense	-	(135,934)
Deferred income tax recovery	4,490	174,898
	$ 4,490	$ 38,964

b) Deferred Income Taxes

The tax benefit of the following unused tax losses and deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings:

	2013	2012
Deductible temporary differences		
Non-capital loss carry-forward	$ 5,006,000	$ 4,994,110
Exploration and evaluation	1,197,000	869,360
Equipment	8,000	6,090
Share issue costs	54,000	65,394
	$ 6,265,000	$ 5,934,954

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:

2026	$ 327,476
2027	1,098,253
2028	1,400,430
2029	629,929
2030	893,889
2031	644,133
2033	11,483
	$ 5,005,595

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 significant changes in the risks, objectives, policies and procedures during the years ended December 31, 2013 and 2012.

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, 2013, the Company had a cash and cash equivalent balance of $160,981 (2012 – $540,172) to settle current financial liabilities of $451,394 (2012 - $166,350).

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 sales tax receivable as loans and receivables, 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, 2013, 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 twelve 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 $1,600 annualized based on the December 31, 2013 cash and cash equivalents balance.

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.

(Expressed in Canadian dollars)

13. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies
The Company's mining and exploration activities are subject to various 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 contingencies on evaluation and exploration assets.
(b) The Company renounced $137,670 of qualifying exploration expenditures to the shareholders in 2013. Under the "look back" provision governing flow-through shares, $95,020 of this amount must be spent by the end of 2014.
(c) The Company renounced $175,000 of qualifying exploration expenditures to the shareholders in 2012. Under the "look back" provision governing flow-through shares this amount had be spent by the end of 2013. The Company spent the amount required.

14. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

	2013	2012
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-Monetary Transactions:		
Shares issued for debt settlement	$ -	$ 65,393
Shares issued under option agreement	$ 208,000	$ 4,000
Compensation and finders warrants issued	$ 1,821	$ -

15. GENERAL AND CORPORATE EXPENSES

	2013	2012
Management compensation (note 8)	$ 60,000	$ 92,833
Legal and audit (note 8)	40,742	98,700
Consulting services	4,949	32,500
Investor relations	29,970	22,500
Rent (note 8)	10,134	15,201
Insurance	11,543	11,173
Transfer agent	5,348	6,380
Administrative and general (note 8)	24,108	7,282
Stock exchange fees	6,075	5,400
Amortization	1,814	889
Directors fees	-	-
	$ 194,683	$ 292,859

16. SUBSEQUENT EVENTS

On February 1, 2014, Renforth and Cadillac agreed to settle the final payment through quarterly instalments of $15,000 (commencing February 2014), with the balance of $190,000 payable February 2015. In consideration for the restructuring of the payment, Renforth will pay an additional fee of $10,000 payable February 2015.

On February 18, 2014, the Company acquired (the "Property") the western boundary of Renforth's flagship New Alger project.

The acquisition is subject to several terms and conditions, including the following;

1- Renforth shall issue to the vendor 200,000 common shares of Renforth from treasury;
2- Upon or before the date which is 12 months from the signing of the agreement Renforth shall carry out $20,000 in exploratory work on the Property, issue to the vendor 100,000 Renforth treasury common shares and pay the vendor $10,000, to acquire a 25% interest in the Property;
3- Upon or before the date which is 24 months from the signing of the agreement Renforth shall carry out $30,000 in work on the Property, issue to the vendor 250,000 Renforth treasury common shares and pay the vendor $15,000, to earn Renforth an additional 30% interest in the Property;
4- Upon or before the date which is 36 months from the signing of the agreement Renforth shall carry out $50,000 in work on the Property, issue to the vendor 250,000 common shares of Renforth from treasury and pay the vendor $25,000 in cash, to earn Renforth the final 45% interest in the Property.