RENFORTH RESOURCES INC.
(A Development Stage Company)
Financial Statements

December 31, 2010 and 2009

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Renforth Resources Inc.
(A Development Stage Company)

We have audited the accompanying financial statements of Renforth Resources Inc., which comprise the balance sheets as at December 31, 2010 and 2009, and the statements of operations, comprehensive loss, and statements of cash flows for the years then ended and for the cumulative period from the date of commencement of the development stage to December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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, 2010 and 2009, and their financial performance and cash flows for the years then ended and for the cumulative period from the date of commencement of the development stage to December 31, 2010 in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes that the Company is in the development stage and will require additional financing to fund the development of its properties. This condition indicates 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 18, 2011

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RENFORTH RESOURCES INC.
(A Development Stage Company)

Balance Sheets
As at December 31,

		2010		2009
ASSETS				
Current assets				
Cash and cash equivalents	$	943,408	$	496,095
Sales tax receivable		35,789		7,846
Prepaid expenses and deposits		152,984		152,977
Advances of mineral property expenditures		12,604		-
Other assets		2,675		3,748
		1,147,460		660,666
Mineral properties and deferred exploration expenditures (*note 4*)		5,968,138		5,674,398
	$	7,115,598	$	6,335,064
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities *(note 5)*	$	566,037	$	358,381
Liabilities for shares to be issued (*note 6d*)		348,000		275,000
		914,037		633,381
Going concern (*note 1*)				
Commitments and options *(notes 4 and 10)*				
SHAREHOLDERS' EQUITY				
Share capital (*note 6b*)		9,833,251		8,839,569
Shares to be issued *(note 6e)*		-		147,682
Warrants *(note 6c)*		294,073		-
Contributed surplus (*note 6g*)		1,164,003		1,141,133
Deficit		(5,089,766)		(4,426,701)
		6,201,561		5,701,683
	$	7,115,598	$	6,335,064

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

Approved by the Board

Signed: "Judi Wood", Director

Signed: "David Danziger", Director

RENFORTH RESOURCES INC.
(A Development Stage Company)

Statements of Operations, Comprehensive Loss and Deficit
For the years ended December 31, 2010 and December 31, 2009
and cumulative from the date of commencement of the development stage

	2010	2009	Cumulative from the Date of Commencement of Development Stage
Expenses			
Management compensation	$ 195,000	$ 195,000	$ 846,320
Legal and audit *(note 5)*	111,932	80,813	769,038
Consulting services *(note 5)*	190,000	71,350	1,616,279
Office and general	60,911	88,275	980,034
Stock-based compensation (*note 6f*)	22,870	354,348	1,069,587
Investor relations	83,000	-	365,045
Interest and bank charges	1,542	802	48,813
Exploration and mining claim costs	-	-	509,348
Write down of mineral properties	-	-	619,964
Loss before other items	(665,255)	(790,588)	(6,824,428)
Other items			
Realized gain on sale of interest in mining claims	-	-	24,354
Realized gain on sale of financial instruments	-	-	14,309
Interest income	2,190	7,037	98,679
Loss before income taxes	(633,065)	(783,551)	(6,687,086)
Future income tax recoveries	-	-	1,657,895
Net loss and comprehensive loss for the period	(633,065)	(783,551)	(5,029,191)
Deficiency in equity of acquired company	-	-	(60,575)
Deficit, beginning of period	(4,426,701)	(3,643,150)	-
Deficit, end of period	$ (5,089,766)	$ (4,426,701)	$ (5,089,766)
Basic and fully diluted (loss) per share (*note 7*)	(0.01)	(0.01)	

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

RENFORTH RESOURCES INC.
(A Development Stage Company)

Statement of Cash Flows
For the years ended December 31, 2010 and 2009
and cumulative from the date of commencement of the development stage

	2010	2009	Cumulative from the Date of Commencement of Development Stage
Cash used in operating activities			
Net loss for the period	$ (663,065)	$ (783,551)	$ (5,029,191)
Items not affecting cash			
Services rendered in return for shares issued	-	-	81,558
Future income tax recovery		-	(1,657,895)
Stock-based compensation	22,870	354,348	1,069,586
Realized (gain) on sale of assets	-	-	(38,663)
Write-down of mineral properties	-	-	619,964
	(640,195)	(429,203)	(4,954,641)
Changes in non-cash working capital			
Sales tax receivable	(27,943)	162,393	(35,789)
Accounts payable and accrued liabilities	207,656	(220,633)	566,037
Prepaid expenses	(7)	-	(152,984)
Other assets	1,073	11,633	(2,675)
	(459,416)	(475,810)	(4,580,052)
Cash used in investing activities			
Additions to mineral properties and deferred exploration expenditures	(170,740)	(47,494)	(5,602,420)
Advances of mineral property expenditures	(12,604)	-	(12,604)
Proceeds from sale of financial assets	-	-	38,663
Deficiency in equity of acquired company	-	-	(60,575)
	(183,344)	(47,494)	(5,636,936)
Cash flow from financing activities			
Issuance of common shares for cash	1,220,000	-	12,311,370
Share issue costs	(129,927)	-	(1,150,974)
	1,090,073	-	11,160,396
Increase (decrease) in cash and cash equivalents	447,313	(523,304)	943,408
Cash and cash equivalents beginning of period	496,095	1,019,399	-
Cash and cash equivalents, end of period	$ 943,408	$ 496,095	$ 943,408

Supplemental information (note 12)
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") carries on business in one segment, being the acquisition, exploration and development of mineral properties. The Company has not earned any revenue to date from its operations and is therefore considered to be in the development stage as defined by Accounting Guideline 11 of the Canadian Institute of Chartered Accountants. The amounts shown as mineral properties and deferred exploration expenditures do not necessarily represent present or future values.

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

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

Going concern assumption

These financial statements are prepared in accordance with Canadian generally accepted accounting principles 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 mineral properties and deferred exploration expenditures 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 mineral properties and deferred exploration expenditures. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and reflect the following policies consistently applied, except as disclosed:

Mineral properties and deferred exploration expenditures

Mineral property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized using the unit-of-production method based on estimated recoverable reserves if the properties are brought into commercial production, or written off if the properties are abandoned. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts and then recorded in operations. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at the time of payment. The recorded amounts of property acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The recoverability of amounts shown for mineral properties and deferred exploration expenditures 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 profitable production or proceeds from the disposition thereof.

On an annual basis, the Company reviews the carrying values of mineral properties and deferred exploration expenditures to assess whether there has been impairment in value. If a property is subsequently determined to be impaired in value, the property and related deferred costs are written down to their net realizable value.

Asset retirement obligations

The fair value of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Company did not have any asset retirement obligations as at December 31, 2010 and 2009.

Income taxes

The Company accounts for income taxes using the asset and liability method of accounting. Under this method, future income tax assets and future income tax liabilities are recorded based on temporary differences between the financial reporting basis of the Company's assets and liabilities and their corresponding tax basis. The future benefits of income tax assets, including unused tax losses, are recognized subject to a valuation allowance to the extent that it is more likely than not that such losses will be ultimately utilized. These future income tax assets and liabilities are measured using enacted or substantively enacted tax rates and laws that are expected to apply when the tax assets or liabilities are to be settled or realized.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers.

The Company has followed the recommendations of the Emerging Issues Committee ("EIC") of the Canadian Institute of Chartered Accountants ("CICA"). EIC 146 requires the recognition of the foregone tax benefit at the time of the renouncement, provided there is reasonable assurance that the expenditures will be incurred. To recognize the foregone tax benefits to the Company, the carrying value of the shares is reduced by the tax effect of the tax benefits renounced to subscribers.

The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

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 a financial institution controlled by a Canadian chartered bank.

Development stage company

The Company has disclosed additional comparative information in conformity with CICA Handbook AcG-11 Enterprises in the Development Stage. Accordingly, the statements of operations, comprehensive loss, and deficit and cash flows disclose cumulative balances from the inception of the development stage, being July 4, 2003.

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share is calculated using the treasury stock method. In order to determine diluted earnings per share, the treasury stock method 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, 2010 and 2009, all issued and outstanding warrants and options were anti-dilutive and were excluded from the diluted loss per share calculations.

Stock option plan

The Company has a stock option plan (the "Plan") which is discussed in note 6(f). The Company uses the fair value-based method of accounting for stock-based compensation arrangements. The fair value of each option granted is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Share issue costs

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates used in the preparation of these financial statements include, but are not limited to the estimated net realizable value of the mineral properties and deferred exploration expenditures, future income tax assets and liabilities, asset retirement obligations, and the valuation of stock options and warrants. The Black-Scholes option pricing model is used by the Company to determine the fair value of stock options and warrants issued in conjunction with financing transactions and compensation plans. This model requires the input of highly subjective assumptions, including expected future stock price volatility and expected time until exercise.

Financial Instruments

All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. Held for trading financial instruments are subsequently measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive loss until the instrument is derecognized or impaired. Financial instruments classified as held-to-maturity, loans and receivables, and other financial liabilities are subsequently measured at amortized cost.

The Company has classified its cash and cash equivalents and sales tax receivable as loans and receivables. The Company has classified its accounts payable and accrued liabilities as other financial liabilities. The Company does not have any financial instruments classified as held for trading, available-for-sale or held-to-maturity.

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 income (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 operations, comprehensive loss, and deficit. Cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss ("AOCL") which is presented as a new category in shareholders' equity. As at December 31, 2010 and December 31, 2009, the Company does not have any other comprehensive income (loss) items or AOCL; therefore, comprehensive loss is equal to net loss.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Recent accounting pronouncements

International Financial Reporting Standards ("IFRS")

In February 2008, the CICA announced that Canadian generally accepted accounting principles for profit oriented enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which the current and comparative information will be prepared under IFRS. The Company is required to implement all of those IFRS standards which are effective for the fiscal years ending December 31, 2011 and apply them to its opening January 1, 2010 balance sheet.

The Company is prepared to adopt IFRS effective January 1, 2011.

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which replace Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards ("IFRS"). Section 1582 is applicable for business combinations with acquisition dates on or after January 1, 2011. Early adoption of the section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company's interim and annual consolidated financial statements for the fiscal years beginning on or after January 1, 2011. Early adoption of this section is permitted. The Company has decided not to early adopt this section and does not believe the standard will have a material impact on its financial statements.

3. 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 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, 2010 and 2009. The Company is not subject to externally imposed capital requirements.

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

	Balance January 1, 2009	Additions	Balance December 31, 2009	Additions	Balance December 31, 2010
Attawapiskat					
Acquisition costs	$ 633,000	$ 214,000	$ 847,000	$ 73,000	$ 920,000
Other costs	1,193,482	68,652	1,262,134	3,590	1,265,724
	1,826,482	282,652	2,109,134	76,590	2,185,724
Kyle Properties					
Exploration costs	3,486,620	43,438	3,530,058	-	3,530,058
	3,486,620	43,438	3,530,058	-	3,530,058
New Alger					
Acquisition costs	-	32,500	32,500	75,000	107,500
Exploration and other costs	-	2,706	2,706	142,150	144,856
	-	35,206	35,206	217,150	252,356
Total	**$5,313,102**	**$ 361,296**	**$ 5,674,398**	**$ 293,740**	**$ 5,968,138**

Attawapiskat

On August 26, 2003, the Company purchased from Greenstone Exploration Company Ltd. ("Greenstone") and Michael Peplinski, their 10-30% beneficial interest in 12 claims comprising of certain claims in Northern Ontario (the"Renforth Claims"). The purchase closed in escrow on August 26, 2003. The purchase price of $325,000 payable to Greenstone, consisted of $50,000 in cash and the balance in common shares of the Company at market prices no later than one year subsequent to the anniversary of the signed agreement. The Company has been in discussions with Greenstone to find a mutual agreeable alternative to issuing the stock as per the agreement. Greenstone has confirmed that Renforth is not in default of the agreement and is working with Renforth towards a mutual agreement. Greenstone retained a 1.5% net smelter return royalty ("NSR"). Subsequent to December 31, 2010 the Company and Greenstone agreed to settle the remaining $275,000 (plus 3% interest accrued from the original due date) by the issuance of 6,967,237 common shares.

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

On January 22, 2009, the Company finalized the acquisition of 18 claims (consisting of 288 units) located in the James Bay Lowlands, Ontario. Under the terms of the agreement, the Company purchased a 100% interest in these claims in exchange for $150,000 (paid) and 3,200,000 common shares of the Company valued at $64,000. The 3,200,000 common shares were issued on February 16, 2010 (see note 6(b)(i)).

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES - continued

Kyle Properties

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

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

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

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

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

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

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

b) Upon the issuance of the 2,000,000 common shares, Renforth will receive a fully vested 20% interest in the Kyle Claims, and a subsequent 17.5% fully vested interest for each additional $2 million in work costs which it incurs on the Kyle Claims, up to a maximum 55% interest. The Optionors will receive a fully vested 9% interest (4.5% each) in the Renforth Claims and subsequent 18% fully vested interests (9% each) at the time that Renforth receives each additional 17.5%, up to a maximum 45% interest (22.5% each) in the Renforth claims.

An officer and director of Spider was also a director of the Company until September 29, 2009 (on which date he resigned as a director).

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES – continued

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

New Alger - Quebec

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

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

	Cash	Shares
Formation date	$10,000 paid	-
Formation date plus 60 days	15,000 paid	500,000 – issued (see note 6(b)(ii))
Formation date plus 12 months	25,000 paid	1,000,000 – issued (see note 6(b(v))
Formation date plus 24 months	100,000	1,000,000
Formation date plus 36 months	100,000	-
	$250,000	2,500,000

Mina Maria Luisa – Spain

On September 22, 2010, the Company finalized the acquisition of the rights to acquire a 100% interest in the Mina Maria Luisa project (the "Property") located in Southwestern Spain, approximately 30 kilometres from the Aguas Tenidas Mine.

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

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

Management of the Company believes that the term of the agreement provides Renforth with sufficient time to conduct a prudent level of legal and technical due diligence on the Property. In addition, if Renforth elects to purchase the balance of Promotora, after proving up the value of the Property through a drilling program, the Company will become the sole owner of the Property, not subject to any royalties or concessions.

5. RELATED PARTY TRANSACTIONS AND BALANCES

During the year ended December 31, 2010 the Company was charged $71,255 in legal fees from a law firm (the "firm") in which a director of the Company is a partner of the firm. $303 of this amount is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing, with no fixed terms of repayment.

During the year ended December 31, 2010 the Company was charged $44,000 in geological consulting fees included in deferred development costs by the technical director of the Company.

During the year ended December 31, 2010 the Company was charged $32,000 in consulting fees (for consulting on the conversion to IFRS) by a firm in which the CEO and director of the Company is a partner of the firm.

During the year ended December 31, 2009 the Company had the following related party transactions:

During the year ended December 31, 2009 the Company was charged $44,480 in legal fees from a law firm in which a director of the Company is a partner of the firm. As at December 31, 2010, $40,714 of this amount was included in accounts payable and accrued liabilities. This amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

During the year ended December 31, 2009 the Company was charged $22,500 in geological consulting fees included in deferred development costs by the company managing its exploration projects, for the geological consulting services of a former director of the Company (during the period of his directorship). As at December 31, 2010, $10,000 of this amount was included in accounts payable and accrued liabilities. This amount was unsecured, non-interest bearing, and had no fixed terms of repayment.

Transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of the consideration established and agreed to between the Company and the related parties.

See note 4

6. 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, 2008 and December 31, 2009	55,072,575	$ 8,839,569
Issued for mineral properties (i)	3,200,000	64,000
Issued in accordance with a property agreement (ii)	500,000	7,500
Issued for services (iii)	7,618,230	76,182
Issued under private placement (iv)	15,200,000	760,000
Valuation of warrants (iv)	-	(106,400)
Issued in accordance with a property agreement (v)	1,000,000	50,000
Issued under private placement (vi)	6,133,334	460,000
Valuation of warrants (vi)	-	(147,097)
Share Issue costs	-	(170,503)
Balance, December 31, 2010	88,724,139	$ 9,833,251

(i) During February 2010, the Company issued 3,200,000 common shares at $0.02 per share in accordance with the terms of the acquisition agreement (see note 4 and 6(e)).

(ii) During February 2010, the Company issued 500,000 common shares at $0.015 per share in accordance with a property agreement (see note 4 and 6(e)).

(iii) On May 1, 2010, the Company issued 7,618,230 common shares at $0.01 per share to its exploration management company in exchange for past services rendered (see note 6(e)).

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

(v) On November 1, 2010, the Company issued 1,000,000 common shares at $0.05 per share in accordance with a property agreement (see note 4).

6. SHARE CAPITAL - continued

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

c) Share purchase warrants

The following summarizes the activity during the period:

		Warrants outstanding	Value
Balance at December 31, 2009 and 2008		-	-
Issued	October 22, 2010	8,816,000	$ 123,424
Issued	November 19, 2010	3,557,333	170,649
Balance at December 31, 2010		**12,373,333**	**$ 294,073**

Summary of warrants as at December 31, 2010:

Number of Warrants Outstanding	Weighted Average Exercise Price	Black-Scholes Value	Expiry Date	Weighted Average Remaining Life
8,816,000	$ 0.10	$ 123,424	22-Oct-12	1.81
3,557,333	0.12	170,649	19-Nov-12	1.88
12,373,333	**$0.106**	**$ 294,073**		**1.83**

The weighted average grant date fair value of warrants issued during 2010 was $137,001 (2009 - $Nil).

d) Liabilities for shares to be issued

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

	As at December 31, 2010	As at December 31, 2009
Payable to Greenstone with respect to the Attawapiskat property (*note 4*).	$ 348,000	$ 275,000
	$ 348,000	$ 275,000

6. SHARE CAPITAL - continued

e) Shares to be issued

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

	As at December 31, 2010	As at December 31, 2009
To be issued on the January 22, 2009 acquisition of 18 claims on the Attawapiskat property (*note 4*)	$ -	$ 64,000
To be issued to Cadillac Ventures for Joint Venture Interest on the New Alger property (*note 4*)	-	7,500
To be issued to Billiken Management Services for Property expenditures	-	76,182
	$ -	$ 147,682

f) Stock option plan

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

No stock options were issued during the year ended December 31, 2009.

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

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

For the year ended December 31, 2010, stock option expense of $22,870 (2009 - $354,348) 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 $17,425 (2009 - 354,348) was related to directors, officers and employee compensation while $5,445 (2009 - $nil) was related to compensation for consultants.

6. SHARE CAPITAL - continued

As at December 31, 2010, the weighted average exercise price of options outstanding and options exercisable are as follows:

	December 31, 2010		December 31, 2009	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of period	**3,950,000**	**$ 0.270**	**3,950,000**	**$ 0.270**
Expired	(500,000)	0.280	-	-
Granted	2,480,000	0.100	-	-
Outstanding – end of period	**5,930,000**	**$ 0.198**	**3,950,000**	**$ 0.270**
Exercisable – end of period	**4,070,000**	**$ 0.243**	**3,950,000**	**$ 0.270**

The weighted average grant date fair value of options issued during 2010 was $29,426 (2009 - $Nil).

f) Stock option plan - continued

As at December 31, 2010 the Company had the following stock options outstanding:

Black-Scholes Value	Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
$71,749	400,000	0.25	14-Jun-11	400,000	0.45
80,403	450,000	0.25	28-Aug-11	450,000	0.66
71,362	400,000	0.25	13-Nov-11	400,000	0.87
50,898	250,000	0.28	19-Mar-12	250,000	1.21
30,468	150,000	0.28	1-Feb-13	150,000	2.08
60,756	300,000	0.28	10-Apr-13	300,000	2.27
312,033	1,500,000	0.28	10-Nov-13	1,500,000	2.87
17,680	680,000	0.10	14-Oct-11	170,000	0.79
73,800	1,800,000	0.10	26-Oct-15	450,000	4.82
$769,149	5,930,000			4,070,000	2.64

g) Contributed surplus

The following table identifies the changes in contributed surplus for the period:

Balance, December 31, 2008	$ 719,902
Expiry of warrants	66,883
Stock-based compensation	354,348
Balance December 31, 2009	1,141,133
Stock-based compensation	22,870
Balance, December 31, 2010	**$ 1,164,003**

7. LOSS PER COMMON SHARE

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

For the year ended December 31	**2010**	**2009**
Numerator:		
Net loss attributable to common shareholders - basic and diluted	$ (633,065)	$ (783,551)
Denominator:		
Weighted average common shares outstanding - basic	67,228,556	55,072,575
Basic and diluted loss per common share	$ (0.01)	$ (0.01)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2010 and 2009 period because their impact was anti-dilutive.

8. 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 31.0% (2009 – 33.0%) were as follows:

	2010	2009
Loss before recovery of income taxes	$ (663,065)	$ (783,551)
Expected income tax recovery at statutory rates	$ 205,550	$ 258,572
Adjustments resulting from:		
Non-deductible stock-based compensation	(7,090)	(116,935)
Deductible share issue costs	40,278	-
Expiry of losses	(104,754)	-
Other items	(37,121)	(11,497)
Change in tax rates	(12,376)	(100,362)
Change in valuation allowance	(84,487)	(29,778)
Future recovery of income taxes	$ -	$ -

8. INCOME TAXES – continued

b) Future Income Taxes

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

	2009	2009
Excess of book value over tax value of mineral properties	$ (864,253)	$ (1,007,661)
Equipment	1,094	5,698
Non-capital losses	1,104,411	1,136,709
Share issue costs	83,693	105,712
Future income tax asset before valuation allowance	324,945	240,458
Valuation allowance	(324,945)	(240,458)
Net future income tax asset	$ -	$ -

c) Tax Loss Carry-Forwards

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

2014	$ 195,518
2015	272,082
2026	519,872
2027	1,098,253
2028	1,400,430
2029	629,929
2030	237,892
	$ 4,353,976

9. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures during 2010 and 2009.

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. Other financial instruments consist of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments 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, 2010, the Company had a cash and cash equivalent balance of $943,408 to settle current financial liabilities of $841,037.

9. FINANCIAL RISK FACTORS – continued

Market risk
(a) Interest rate risk
The Company has cash balances and no 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 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, 2010, the carrying and fair value amounts of the Company's financial instruments are 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 $9,400.

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.

10. COMMITMENTS AND OPTIONS

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

(a) See *note 4* for additional commitments and options on mineral properties.
(b) The Company renounced $460,000 of qualifying exploration expenditures to the shareholders in 2010. Under the “look back” provision governing flow-through shares this amount must be spent by the end of 2011. As at December 31, 2010 $372,604 remained unspent.

11. COMPARATIVE FIGURES

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

12. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

	2010	2009	Cumulative from the Date of Commencement of Development Stage
Interest paid	$ -	$ -	$ 42,395
Income taxes paid	$ -	$ -	$ -
Non-Monetary Transactions:			
Shares issued in exchange for mineral properties	$ 121,500	$ -	$ 561,500
Shares to be issued in exchange for mineral properties	$ 73,000	$ -	$ -
Shares to be issued in exchange for services	$ -	$ 76,182	$ 157,740
Shares received for interest in mining claims	$ -	$ -	$ 24,354
Change in accrued mineral property and deferred exploration expenditures	$ 20,458	$ 19,750	$ 26,929
Deposits reclassed to mineral properties	$ -	$ 150,000	$ -

	2010	2009
Cash and cash equivalents consist of:		
Cash	$ 830,160	$ 84,735
Cash equivalents	$ 113,248	$ 411,360
	$ 943,408	$ 496,095

13. SUBSEQUENT EVENTS

See Note 4