

RENFORTH RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2014

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE TO SHAREHOLDERS

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three and six months ended June 30, 2014 and 2013 have been prepared by management in accordance with International Financial Reporting Standards applicable to interim financial statements (see notes 2 & 3 to the interim consolidated financial statements). Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

Auditors Involvement

The external auditors of Renforth Resources Inc., have not audited or performed a review of the unaudited interim financial statements for the three and six months ended June 30, 2014 and 2013 nor have they conducted any procedures with respect to the supplementary financial schedules included herein.

RENFORTH RESOURCES INC.**Condensed Interim Statements of Financial Position (unaudited)**

(Expressed in Canadian dollars)

	As at June 30, 2014	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents (<i>note 5</i>)	\$ 60,643	\$ 160,981
Sales tax receivable	66,057	6,307
Prepaid expenses and deposits	8,664	5,234
Total current assets	135,364	172,522
Non-current assets		
Equipment (<i>note 6</i>)	-	291
Exploration and evaluation assets (<i>notes 7 and 8</i>)	1,841,767	1,561,824
Total non-current assets	1,841,767	1,562,115
TOTAL ASSETS	\$ 1,977,131	\$ 1,734,637
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 8</i>)	\$ 284,676	\$ 410,305
Deferred flow through share premium	-	41,089
Total liabilities	284,676	451,394
Equity		
Share capital (<i>note 9 (b)</i>)	11,642,870	11,211,516
Warrant reserve (<i>note 9 (c)</i>)	13,651	12,856
Contributed surplus	1,629,841	1,603,391
Accumulated deficit	(11,593,908)	(11,544,520)
Total equity	1,692,455	1,283,243
TOTAL LIABILITIES AND EQUITY	\$ 1,977,131	\$ 1,734,637

Going concern (*note 1*)**Commitments and contingencies** (*notes 7 and 12*)*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.**Condensed Interim Statements of Loss and Comprehensive Loss**

For the three and six months ended June 30, 2014 and June 30, 2013

(Expressed in Canadian dollars)

(unaudited)

	Three Months Ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Expenses				
General and corporate (<i>note 14</i>)	\$ 32,391	\$ 60,749	\$ 65,382	\$ 104,440
Share based payments (<i>note 9(d)</i>)	26,450	68,475	26,450	68,503
Loss before other items	\$ (58,841)	\$ (129,224)	\$ (91,832)	\$ (172,943)
Other items				
Recovery of exploration expenses written off	1,355	-	1,355	-
Other income – flow through premium	-	-	41,089	5,250
Net loss and comprehensive loss for the period	\$ (57,486)	\$ (129,224)	\$ (49,388)	\$ (167,693)
Basic and fully diluted loss per share (<i>note 10</i>)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

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

RENFORTH RESOURCES INC.**Condensed Interim Statements of Cash Flows (unaudited)**

For the three and six months ended June 30, 2014 and June 30, 2013

(Expressed in Canadian dollars)

	2014	2013
Cash flow from operating activities		
Net loss for the period	\$ (49,388)	\$ (167,693)
Items not affecting cash:		
Recovery of exploration expenses written off	(1,356)	-
Share based payments	26,450	68,503
Other income	(41,089)	(5,250)
Depreciation	290	290
	(65,092)	(104,150)
Changes in non-cash working capital:		
Sales tax receivable	(59,750)	2,463
Accounts payable and accrued liabilities	100,077	(122,824)
Prepaid expenses and deposits	(3,430)	(5,518)
Total cash flows from operating activities	(28,195)	(230,029)
Cash flow from investing activities		
Exploration and evaluation assets	(277,943)	(228,170)
Total cash flows from investing activities	(277,943)	(228,170)
Cash flow from financing activities		
Issue of common shares	205,800	-
Total cash flows from investing activities	205,800	-
Decrease in cash and cash equivalents	(100,338)	(458,199)
Cash and cash equivalents beginning of period (note 5)	160,981	540,172
Cash and cash equivalents, end of period (note 5)	\$ 60,643	\$ 81,973

*Supplemental information (note 13)**The accompanying notes are an integral part of these financial statements.*

RENFORTH RESOURCES INC.

Condensed Interim Statements of Changes in Equity (unaudited)

For the six months ended June 30, 2014 and June 30, 2013

(Expressed in Canadian dollars)

	Share capital	Share capital	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$
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 under property purchase agreement	2,000,000	100,000	-	-	-	100,000
Net loss and comprehensive loss for the year	-	-	-	-	(167,693)	(167,693)
Balance, June 30, 2013	30,465,672	10,950,345	1,573,986	33,895	(11,142,779)	1,415,447
Balance, December 31, 2013	38,404,172	11,211,516	1,603,391	12,856	(11,544,520)	1,283,243
Share based payments	-	-	26,450	-	-	26,450
Shares issued in accordance with purchase agreement	200,000	6,000	-	-	-	6,000
Shares issued under private placement	3,740,000	220,000	-	-	-	220,000
Share issue costs	-	(14,995)	-	795	-	(14,200)
Shares issued on settlement of debt	3,672,500	220,350	-	-	-	220,350
Net income and comprehensive income for the year	-	-	-	-	(49,388)	(49,388)
Balance, June 30, 2014	46,016,672	11,642,871	1,629,841	13,651	(11,593,908)	1,692,455

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

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

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 August 26, 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 net loss of \$49,388 for the six months ended June 30, 2014 (2013 - \$167,693) and has an accumulated deficit of \$11,593,908 (December 31, 2013 - \$11,544,520) and a working capital deficiency of \$149,312 (December 31, 2013 - 237,783).

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Statement of compliance

These condensed interim financial statements have been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the Company's annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013.

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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

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

- 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.

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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's December 31, 2013 annual financial statements, except for the adoption of new standards and interpretations as of January 1, 2014.

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.

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. The adoption of this standard had no impact on the Company.

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 adoption of this standard had no impact on the Company.

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 adoption of this standard had no impact on the Company.

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 adoption of this standard had no impact on the Company.

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. The adoption of this standard had no impact on the Company.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(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 six months ended June 30, 2014. The Company is not subject to externally imposed capital requirements.

5. CASH AND CASH EQUIVALENTS

	As at June 30, 2014	As at December 31, 2013
Cash in bank	\$ 60,643	\$ 160,981
Short term bank deposits	-	-
	\$ 60,643	\$ 160,981

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.

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

June 30, 2014

(Expressed in Canadian dollars)

6. EQUIPMENT

	Computer equipment	Furniture	Total
Cost			
December 31, 2012	\$ 4,231	\$ 3,964	\$ 8,195
Additions/Dispositions	-	-	-
December 31, 2013	4,231	3,964	8,195
Additions/Dispositions	-	-	-
June 30, 2014	\$ 4,231	\$ 3,964	\$ 8,195
Accumulated Depreciation			
December 31, 2012	\$ 3,588	\$ 2,502	\$ 6,090
Depreciation	352	1,462	1,814
December 31, 2013	3,940	3,964	7,904
Depreciation	291	-	-
June 30, 2014	\$ 4,231	\$ 3,964	\$ 7,904
Carrying amounts			
December 31, 2013	\$ 291	\$ -	\$ 291
June 30, 2014	\$ -	\$ -	\$ -

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

June 30, 2014

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

	New Alger	Red Lake/Mink Lake	Total
Acquisition costs			
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
Additions	6,000	-	6,000
Write down	-	-	-
June 30, 2014	\$ 641,500	\$ -	\$ 641,500
Exploration			
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)
December 31, 2013	926,324	-	926,324
Exploration and other geological	273,943	-	273,943
Write down	-	-	-
Disposition	-	-	-
June 30, 2014	\$ 1,200,267	\$ -	\$ 1,200,267
Carrying amounts			
December 31, 2013	\$ 1,561,824	\$ -	\$ 1,561,824
June 30, 2014	\$1,841,767	\$ -	\$ 1,841,767

New Alger Gold Project

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	<u>100,000</u>	<u>-</u>
	<u>\$250,000</u>	<u>2,500,000</u> (500,000 shares post share consolidation)

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

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)

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.

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.

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 (note 9);
- 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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

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 six months ended June 30, 2014 and June 30, 2013:

	2014	2013
Salary or other short term benefits	\$ 90,000	\$ 90,000
Share based payments issued	-	-
	\$ 90,000	\$ 90,000

(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 six months ended June 30, 2014, the Company was charged \$154,688 (2013 - \$181,090) in exploration related expenditures, and \$60,000 (2013 - \$60,000) in management fees for the CEO (\$10,000 included in accounts payable as at June 30, 2014 (2013 - \$68,370)). The Company also rents office space from Billiken. During the period, the Company was charged \$0 (2012 - \$7,600) for office rent. On May 28, 2013 the Company settled debt with Billiken in the amount of \$192,100 by the issuance of 3,201,667 common shares at \$0.06 per share (the market value of the shares on the settlement date).

During the six months ended June 30, 2014, the Company was charged \$nil (2013-\$24,000) in geological consulting fees included in exploration and evaluation assets to a company owned by the technical director of the Company. As at June 30, 2014, \$nil (2013 - \$4,000) is owing to this director and included in accounts payable.

During the six months ended June 30, 2014, the Company was charged \$30,000 (2013-\$30,000) in management fees by a company owned by the Chief Financial Officer of the Company, for CFO services. As at June 30, 2014, \$5,650 (2013 - \$5,650) is owing to this officer and included in accounts payable. On May 28, 2013 the Company settled debt in the amount of \$28,250 by the issuance of 470,833 common shares at \$0.06 per share (the market value of the shares on the settlement date).

These transactions were in the normal course of operations and were measured at the exchange amount of consideration established and agreed to by the parties.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(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, 2012	28,465,672	10,850,345
Shares issued in accordance with purchase agreement (i)	2,000,000	40,000
Shares issued under private placement (ii)	1,615,000	91,050
Flow through share premium	-	(9,579)
Valuation of warrants (ii)	-	(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 (iii)	2,123,500	137,000
Valuation of warrants (iii)	-	(4,683)
Share issue costs	-	(11,280)
Flow through share premium	-	(31,510)
Balance, December 31, 2013	38,404,172	\$ 11,211,516
Shares issued in accordance with purchase agreement (iv)	200,000	6,000
Shares issued under private placement (v)	3,315,000	195,000
Share issue costs (v)	-	(14,995)
Shares issued under private placement (vi)	425,000	25,000
Shares issued on settlement of debt (vii)	3,672,500	220,350
Balance, June 30, 2014	46,016,672	\$ 11,642,871

- (i) 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).
- (ii) 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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

- (iii) 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 paid certain finders ("**Finders**") an aggregate cash commission of \$9,590 and issued 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.

- (iv) On February 14, 2014 Renforth entered into an to acquire a 100% interest in certain claims, located in the Cadillac Township, Québec. In accordance with this agreement Renforth issued 200,000 common shares at \$0.03 per share (see note 7).
- (v) On May 7, 2014, the Company closed a non-brokered private placement financing (the "**Offering**") raising gross proceeds of \$195,000 through the issuance of 390 units ("**Units**") at \$500 per Unit. Each Unit consisted of 1,700 common shares of the Company and 6,800 common shares of the Company issued on a "flow-through" basis.

In connection with the closing of the Offering, the Company paid certain finders an aggregate cash commission of \$13,200 and issued to the 132,600 Finders warrants. Each warrant entitles the holder to purchase one common share at \$0.10 per share for a period of 12 months following the date of issuance. These warrants were assigned a value of \$795 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.

- (vi) On June 6, 2014, the Company closed a non-brokered private placement financing raising gross proceeds of \$25,000 through the issuance of 50 units ("**Units**") at \$500 per Unit. Each Unit consisted of 1,700 common shares of the Company and 6,800 common shares of the Company issued on a "flow-through" basis.
- (vii) On May 28, 2013 the Company reached an agreement with two related party creditors to settle debt in the total amount of \$220,350 by the issuance of 3,672,500 common shares of the Company at a deemed price of \$0.06 per share. CFO Advantage Inc., a company owned by Kyle Appleby, the Chief Financial Officer of the Company, participated in the debt settlement by settling debt in the amount of \$28,250 in exchange for 470,833 common shares of the Company. Billiken Management Services Inc., a company that Nicole Brewster (the Company's Chief Executive Officer) is associated with, participated in the debt settlement by settling debt in the amount of \$192,100 in exchange for 3,201,667 common shares of the Company.

RENFORTH RESOURCES INC.

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9. SHARE CAPITAL - continued

c) Share purchase warrants

The following summarizes the activity during the period:

	Warrants outstanding	Value
		\$
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
Issue of warrants – May 7, 2014	132,600	795
Balance at June 30, 2014	2,226,240	13,651

Summary of warrants outstanding as at June 30, 2014:

Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Issue Date	Weighted Average Remaining Life	Grant Date Fair Value
		(note 15)			
912,700	\$ 0.10	July 25, 2014*	July 25, 2013	0.07	\$ 6,983
1,180,940	0.10	Nov 28, 2014	Nov 28, 2013	0.41	5,873
132,600	0.10	May 7, 2015	May 7, 2014	0.85	795
2,226,240	\$ 0.10			0.25	\$ 13,651

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 May 28, 2014, the Company granted 1,150,000 stock options to its directors and officers. Each option is exercisable for one common share at \$0.06. 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 1.50%; and expected life of 5 years. The options were valued at \$26,450 and vested on the date of grant.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

9. SHARE CAPITAL - continued

For the six months ended June 30, 2014, stock option expense of \$26,450 (2013 - \$68,503) 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 \$26,450 (2013 - \$56,100) was related to directors and officers.

As at June 30, 2014, the weighted average exercise price of options outstanding and options exercisable were as follows:

	June 30, 2014		December 31, 2013	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of period	2,365,000	\$ 0.135	640,000	\$ 0.653
Granted	1,150,000	\$ 0.100	2,075,000	\$ 0.100
Share consolidation	-	-	-	-
Expired	(200,000)	\$ 0.100	(350,000)	\$ (0.873)
Outstanding – end of period	3,315,000	\$ 0.111	2,365,000	\$ 0.135
Exercisable – end of period	3,315,000	\$ 0.111	2,365,000	\$ 0.135

As at June 30, 2014 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	1.32
80,000	0.25	30-Sep-16	80,000	2.25
50,000	0.25	20-Apr-17	50,000	2.81
1,875,000	0.10	19-Jun-18	1,875,000	3.97
1,150,000	0.06	28-May-19	1,150,000	4.91
3,315,000			3,315,000	4.11

The weighted average fair value per option issued during the period was \$0.023 (2013- \$0.033).

10. LOSS PER COMMON SHARE

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

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Numerator:				
Net loss attributable to common shareholders				
- basic and diluted	\$ (57,486)	\$ (129,224)	\$ (49,388)	\$ (167,693)
Denominator:				
Weighted average common shares outstanding				
- basic	42,008,595	30,465,672	40,216,341	30,154,561
- fully diluted	47,549,835	36,038,172	45,757,581	35,727,060
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2014 because their impact was anti-dilutive.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

11. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures during the three and six months ended June 30, 2014 and 2013.

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 June 30, 2014, the Company had a cash and cash equivalent balance of \$60,643 (December 31, 2013 – \$160,981) to settle current financial liabilities of \$284,677 (December 31, 2013 - \$451,394).

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 June 30, 2014, 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 \$600 annualized based on the June 30, 2014 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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2014

(Expressed in Canadian dollars)

12. 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. The Company spent the required amount.

13. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

Six months ended March 31	2014	2013
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Monetary Transactions:		
Shares issued under purchase agreement	\$ 6,000	\$ 100,000
Shares issued on settlement of debt	\$ 220,350	\$ -

14. GENERAL AND CORPORATE EXPENSES

	Three months ended June 30		Six months ended June 30	
	2014	2013	2014	2013
Management compensation	\$ 15,000	\$ 15,000	30,000	\$ 30,000
Legal and audit	8,885	20,961	15,852	31,070
Consulting services	-	799	-	2,062
Investor relations	-	7,500	-	12,500
Rent	-	3,801	-	7,601
Insurance	2,211	2,843	5,056	5,856
Transfer agent	714	1,034	1,515	1,034
Administrative and general	4,081	7,166	9,641	11,027
Stock exchange fees	1,500	1,500	3,028	3,000
Amortization	-	145	290	290
	\$ 32,391	\$ 60,749	\$ 65,382	\$ 104,440

15. SUBSEQUENT EVENTS

On July 9, 2014 the Company extended 550,000 warrants exercisable at \$0.10, issued in conjunction with the purchase of common shares, from an expiry date of July 25, 2014 to a new expiry date of January 25, 2015 (note 9(c)).