

RENFORTH RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Renforth Resources Inc.

We have audited the accompanying financial statements of Renforth Resources Inc., which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

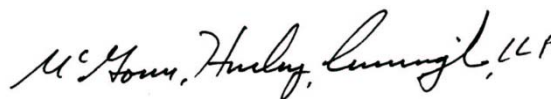
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Renforth Resources Inc. as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company had continuing losses during the year ended December 31, 2014 and a working capital deficiency as at December 31, 2014. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP



Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 24, 2015

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

(Expressed in Canadian dollars)

	As at December 31, 2014	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents (<i>note 5</i>)	\$ 115,524	\$ 160,981
Sales tax receivable	16,734	6,307
Prepaid expenses and deposits	5,319	5,234
Total current assets	137,577	172,522
Non-current assets		
Equipment (<i>note 6</i>)	-	291
Exploration and evaluation assets (<i>note 7 and 8</i>)	1,866,677	1,561,824
Total non-current assets	1,866,677	1,562,115
TOTAL ASSETS	\$ 2,004,254	\$ 1,734,637
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 8</i>)	\$ 349,318	\$ 410,305
Deferred flow through share premium	17,575	41,089
Total liabilities	366,893	451,394
Equity		
Share capital (<i>note 9 (b)</i>)	11,626,424	11,211,516
Warrant reserve (<i>note 9 (c)</i>)	30,005	12,856
Contributed surplus	1,669,297	1,603,391
Accumulated deficit	(11,688,365)	(11,544,520)
Total equity	1,637,361	1,283,243
TOTAL LIABILITIES AND EQUITY	\$ 2,004,254	\$ 1,734,637

Going concern (*note 1*)**Commitments and contingencies** (*notes 7 and 13*)*The accompanying notes are an integral part of these financial statements.*

Approved by the Board

Signed:

"Nicole Brewster", Director

Signed:

"Wally Rudensky", Director

RENFORTH RESOURCES INC.**Statements of Loss and Comprehensive Loss**

For the years ended December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

	2014	2013
Expenses		
General and corporate (<i>notes 8 and 15</i>)	\$ 176,002	\$ 194,683
Share based payments (<i>note 9(c) and 9(d)</i>)	65,289	68,503
Loss before other items	\$ (241,291)	\$ (263,186)
Other items		
Recovery (write down) of exploration and evaluation assets (<i>Note 7</i>)	1,357	(316,212)
Other income	96,089	5,250
Interest income	-	224
Loss before income taxes	\$ (143,845)	\$ (573,924)
Income taxes recovery (<i>note 11</i>)	-	4,490
Net loss and comprehensive loss for the year	\$ (143,845)	\$ (569,434)
Basic and diluted loss per share (<i>note 10</i>)	\$ (0.00)	\$ (0.02)

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

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

For the years ended December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

	2014	2013
Cash flow from operating activities		
Net loss for the year	\$ (143,845)	\$ (569,434)
Items not affecting cash:		
Share based payments	65,289	68,503
Write down of exploration and evaluation assets	-	316,212
Other income	(96,089)	(5,250)
Shares issued for services	25,000	-
Income tax recovery on expired warrants	-	(4,490)
Depreciation	291	1,814
	(149,354)	(192,645)
Changes in non-cash working capital:		
Sales tax receivable	(10,427)	15,331
Accounts payable and accrued liabilities	49,012	(22,520)
Prepaid expenses and deposits	(85)	(2,221)
Total cash flows from operating activities	(110,854)	(202,055)
Cash flow from investing activities		
Additions to exploration and evaluation assets	(332,200)	(384,252)
Quebec input tax credits recovered	118,698	-
Total cash flows from investing activities	(213,502)	(384,252)
Cash flow from financing activities		
Issue of common shares	284,821	207,068
Issue of warrants	15,179	20,982
Share issue costs	(21,101)	(20,934)
Total cash flows from financing activities	278,899	207,116
(Decrease) in cash and cash equivalents	(45,457)	(379,191)
Cash and cash equivalents beginning of year	160,981	540,172
Cash and cash equivalents, end of year (note 5)	\$ 115,524	\$ 160,981

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

RENFORTH RESOURCES INC.

Statements of Changes in Equity

For the years ended December 31, 2014 and December 31, 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 on property purchase agreement	2,000,000	40,000	-	-	-	40,000
Shares issued under private placement	3,738,500	228,050	-	-	-	228,050
Share issue costs	-	(22,755)	-	1,821	-	(20,934)
Valuation of warrants issued under private placement	-	(11,035)	-	11,035	-	-
Flow through share premium	-	(41,089)	-	-	-	(41,089)
Expiry of warrants	-	-	33,895	(33,895)	-	-
Deferred tax recovery on expired warrants	-	-	(4,490)	-	-	(4,490)
Shares issued on property purchase agreement	4,200,000	168,000	-	-	-	168,000
Net loss and comprehensive loss for the year	-	-	-	-	(569,434)	(569,434)
Balance, December 31, 2013	38,404,172	11,211,516	1,603,391	12,856	(11,544,520)	1,283,243
Share based payments	-	-	63,250	-	-	63,250
Shares issued on property purchase agreement	200,000	6,000	-	-	-	6,000
Shares issued under private placement	5,340,000	300,000	-	-	-	300,000
Share issue costs	-	(23,688)	-	2,587	-	(21,101)
Valuation of warrants issued under private placement	-	(15,179)	-	15,179	-	-
Expiry of warrants	-	-	2,656	(2,656)	-	-
Adjustment to warrant valuation from extension of warrant	-	-	-	2,039	-	2,039
Flow through share premium	-	(72,575)	-	-	-	(72,575)
Shares issued on settlement of debt	3,672,500	220,350	-	-	-	220,350
Net loss and comprehensive loss for the year	-	-	-	-	(143,845)	(143,845)
Balance, December 31, 2014	47,616,672	11,626,424	1,669,297	30,005	(11,688,365)	1,637,361

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

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(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 April 24, 2015.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. The amounts shown as exploration and evaluation assets do not necessarily represent present or future values. Changes in future conditions could require material write-downs to the carrying values of the Company's assets.

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

Going concern assumption

These financial statements are prepared in accordance with International Financial Reporting Standards with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations in the foreseeable future.

The recoverability of the costs incurred to date on exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the exploration and evaluation assets. Such adjustments could be material. Management is aware, in making its assessment of material uncertainties related to events or conditions that cast significant doubt upon the entity’s ability to continue as a going concern. The Company has incurred a net loss of \$143,845 for the year ended December 31, 2014 (2013 - \$569,434) and has an accumulated deficit of \$11,688,365 (2013 - \$11,544,520) and a working capital deficiency of \$229,316 (2013 –\$278,872).

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Basis of presentation

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

These financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective for the Company's reporting date.

Functional currency

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

Critical judgments and estimation uncertainties

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

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

- **Assets' carrying values and impairment charges**

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

- **Capitalization of exploration and evaluation costs**

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

- **Impairment of exploration and evaluation assets**

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

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

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

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

- Income taxes and recoverability of potential deferred tax assets

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

- Share-based payments

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

- Contingences (note 13)

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

The Company's properties are in the exploration and evaluation stage and accordingly the Company follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral claims and crediting all proceeds received for farm-out arrangements or recovery of costs against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of an impairment. An impairment charge relating to an exploration and evaluation asset is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount.

Upon transfer of "Exploration and evaluation assets" into "Mine Development", all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within "Mine development". After production starts, all assets included in "Mine development" are transferred to "Producing Mines".

All capitalized exploration and evaluation asset expenditures are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation asset expenditures are not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is planned.

Mining tax credits and mining duties

Mining tax credits are recorded in the accounts when received. These refundable mining tax credits are earned in respect to exploration costs incurred in Quebec and are recorded as a reduction to exploration and evaluation assets.

Decommissioning, restoration and environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising for the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying value of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at December 31, 2014 and 2013, the Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the asset and liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not-deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, the tax asset is not recognized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the price of a non-flow through share and the amount the investor pays for the flow-through share. A liability is recognized for this difference. The liability is reduced and the reduction of premium liability is recorded in other income at the time when the Company files the appropriate renunciation forms with the Canadian taxation authorities.

A deferred tax liability is recognized, in accordance with IAS 12, *Income Taxes*, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

The Company indemnifies subscribers of flow-through shares for any tax related amounts that become due as a result of the Company not meeting its flow-through share related obligations.

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and short term deposits with original maturities of three months or less. The deposits are held in a Canadian chartered bank or financial institution.

Equipment

Equipment is recorded at cost. Depreciation is provided over its expected useful life using the following methods and annual rates:

Computer	45 % declining balance
Office furniture	20 % declining balance

Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding. Diluted loss per share assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings per share calculation.

During the years ended December 31, 2014 and 2013, all issued and outstanding warrants and options were anti-dilutive and were excluded from the diluted loss per share calculations.

Share-based payments

The Company has a stock option plan (the "Plan") which is discussed in note 9(d). The Company uses the fair value-based method of accounting for stock-based compensation arrangements. The fair value of each option granted is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

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

Foreign currency translation

The functional and reporting currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position reporting date, monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the Canadian dollar at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in net loss. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

At each financial position reporting date, non-financial assets are reviewed for impairment if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as additional depreciation. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the depreciation charge for the period.

Share issue costs

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

Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss.

RENFORTH RESOURCES INC.

Notes to Financial Statements

December 31, 2014 and December 31, 2013

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities

Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

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 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

RENFORTH RESOURCES INC.

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(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IAS 24 - Related Party Disclosures (“IAS 24”) was amended by the IASB on December 12, 2013. The amendments clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have an impact on the Company’s consolidated financial statements.

Current accounting changes

During 2014, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IAS 32, IAS 36, IAS 39, and IFRIC 21. These new standards and amendments did not have any material impact on the Company’s financial statements.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The capital of the Company consists of share capital, warrants, contributed surplus and options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the years ended December 31, 2014 and 2013.

The Company is not subject to any externally imposed capital requirements.

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5. CASH AND CASH EQUIVALENTS

	As at December 31, 2014	As at December 31, 2013
Cash in bank	\$ 115,524	\$ 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.

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	-	-	-
December 31, 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	-	291
December 31, 2014	\$ 4,231	\$ 3,964	\$ 8,195
Carrying amounts			
December 31, 2013	\$ 291	\$ -	\$ 291
December 31, 2014	\$ -	\$ -	\$ -

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7. EXPLORATION AND EVALUATION ASSETS

	New Alger	Nixon Bartleman	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	16,000	-	-	16,000
December 31, 2014	\$ 651,500	\$ -	\$ -	\$ 651,500
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	381,552	25,999	-	407,551
Quebec input tax credits recovered	(118,698)	-	-	(118,698)
December 31, 2014	\$ 1,189,178	\$ 25,999	\$ -	\$ 1,215,177
Carrying amounts				
December 31, 2013	\$ 1,561,824	-	\$ -	\$ 1,561,824
December 31, 2014	\$ 1,840,678	\$ 25,999	\$ -	\$ 1,866,677

New Alger Gold Project

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

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 ("NSR") and Cadillac will retain an additional 1% NSR.

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.

On February 1, 2014, Renforth and Cadillac agreed to settle the final payment through quarterly instalments of \$15,000 (commencing February 2014), with the balance of \$190,000 payable February 2015. In consideration for the restructuring of the payment, Renforth will pay an additional fee of \$10,000 payable February 2015. On December 2, 2014, Renforth and Cadillac made an amendment to the February 1, 2014 agreement whereby Renforth will continue to make quarterly instalments of \$15,000, with the balance payable November 2015. As at December 31, 2014, \$185,000 (2013 - \$250,000) is payable to Cadillac and is included in accounts payable and accrued liabilities.

RENFORTH RESOURCES INC.

Notes to Financial Statements

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7. EXPLORATION AND EVALUATION ASSETS (continued)

On February 18, 2014, the Company acquired the option to acquire certain properties on the western boundary of Renforth's 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 (note 9(b)(iv));
- 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 common shares and pay the vendor \$10,000, to acquire a 25% interest in the property (note 16);
- 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 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 and pay the vendor \$25,000 in cash, to earn Renforth the final 45% interest in the Property.

Failure to meet the required terms could result in termination of the agreement.

During the year ended December 31, 2014, the Company recovered \$118,698 (2013 - \$nil) from the Revenu Quebec. These refundable mining tax credits are recorded as a reduction to exploration and evaluation assets.

Nixon Bartleman Property

On August 4, 2014 Renforth entered into an option agreement to earn a 55% interest in the Nixon-Bartleman Property located in the West Timmins Mining Area, in the western part of the Porcupine Mining Camp.

In order to earn a 55% interest in the property, Renforth must incur \$25,000 in exploration spending on the property during August 2014 (completed), within 12 months spend an additional \$125,000 on the property and issue 1,000,000 shares to the vendor (issued, note 16), and within 24 months spend an additional \$150,000 on the property and issue 1,250,000 shares to the vendor. The property is subject to a 2% NSR.

Red Lake/Mink Lake Project

As at December 31, 2013, the remaining carrying value of the property was written off, as the Company had no current plans for exploration.

RENFORTH RESOURCES INC.

Notes to Financial Statements

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8. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Compensation of key management personnel

Key management includes members of the board of directors, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the years ended December 31, 2014 and December 31, 2013:

	2014	2013
Salary or other short term benefits	\$ 180,000	\$ 180,000
Share based payments issued	63,250	56,100
	\$ 243,250	\$ 236,100

(b) Other related party balances and transactions

The Company engages Billiken Management Services Inc. ("Billiken"), a geological consulting company, to manage the Company's exploration programs. The Company's CEO, Nicole Brewster, is a shareholder of Billiken. For the year ended December 31, 2014, the Company was charged \$274,001 (2013 - \$232,680) in exploration related expenditures, and \$120,000 (2013 - \$120,000) in management fees for the CEO, of which \$90,000 was capitalized and recorded in exploration and evaluation assets and \$30,000 was charged to General and corporate on the statement of loss. The Company also rents office space from Billiken at a rate of \$1,275 per month. During the period, the Company was charged \$12,113 (2013 - \$10,134) for office rent. On May 28, 2014, 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). As at December 31, 2014, \$82,166 (2013 - \$120,000) was owed to Billiken. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2014, the Company was charged \$nil (2013-\$36,000) in geological consulting fees included in exploration and evaluation assets to a company owned by the technical director of the Company. As at December 31, 2014, \$nil (2013 - \$4,000) is owing to this director and included in accounts payable.

During the year ended December 31, 2014, the Company was charged \$60,000 (2013-\$60,000) in management fees by a company owned by the Chief Financial Officer of the Company, for CFO services. As at December 31, 2014, \$39,550 (2013 - \$11,300) is owing to this officer and included in accounts payable. This amount is unsecured, non-interest bearing with no fixed terms of repayment. On May 28, 2014 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).

RENFORTH RESOURCES INC.

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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)	-	(16,800)
Flow through share premium	-	(48,750)
Shares issued under private placement (vi)	425,000	25,000
Flow through share premium	-	(6,250)
Shares issued on settlement of debt (vii)	3,672,500	220,350
Shares issued under private placement (viii)	1,600,000	80,000
Valuation of warrants (viii)	-	(15,179)
Share issue costs	-	(6,888)
Flow through share premium	-	(17,575)
Balance, December 31, 2014	47,616,672	\$ 11,626,424

- (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 valued at \$0.02 per share, based on the fair value of common shares at the date of issuance (see note 7).
- (ii) On July 25, 2013, the Company closed a non-brokered private placement financing raising gross proceeds of \$91,050 through the issuance of 1,100,000 units at \$0.05 per unit and 515,000 flow-through units at \$0.07 per flow-through unit. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitled 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 consisted 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 entitled 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 of 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 Company 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

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9. SHARE CAPITAL - continued

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. Expected volatility was based on the historical volatility of other comparable listed companies.

- (iii) On November 29, 2013, the Company closed a private placement offering issuing 137 units at \$1,000 per unit for aggregate gross proceeds of \$137,000. Each unit consisted of 4,000 common shares of the Company 11,500 common shares of the Company issued on a “flow-through” basis and 8,000 share purchase warrants. Each warrant entitled the holder to purchase one common share at a price of \$0.10 up to November 29, 2014. In aggregate, the Company issued 548,000 common 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 of 100%; expected dividend yield of 0% and an expected life of one year. Expected volatility was based on the historical volatility of other comparable listed companies.

In connection with the closing of the first tranche of the offering, the Company paid certain 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 of 100%; expected dividend yield of 0% and an expected life of one year. Expected volatility was based on the historical volatility of other comparable listed companies.

- (iv) On February 14, 2014 Renforth entered into an agreement 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, based on the fair value of common shares at the date of issuance (see note 7).
- (v) On May 7, 2014, the Company closed a non-brokered private placement financing raising gross proceeds of \$195,000 through the issuance of 390 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 \$14,200 and issued 132,600 finders warrants. Each warrant entitled 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 \$2,600 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.30%; expected volatility of 192%; expected dividend yield of 0% and an expected life of one year. Expected volatility was based on the historical volatility of other comparable listed companies.

- (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 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, 2014, 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 fair market value based on the current market share 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

(viii) On December 31, 2014, the Company closed a non-brokered private placement financing raising gross proceeds of \$80,000 through the issuance of 120,000 non flow-through units at \$0.05 per common unit and 1,480,000 flow-through units at \$0.05 per flow-through unit. Each common unit consisted of one common share in the capital of the Company and one whole common share purchase warrant. Each common warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.07 for a period of 24 months following closing. Each flow-through unit consisted 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 ("FT Warrant"). Each whole FT Warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.09 for a period of 18 months following closing.

The common warrants were assigned a value of \$2,457 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.01%; expected volatility 178%; expected dividend yield of 0% and an expected life of two years. Expected volatility was based on the historical volatility of other comparable listed companies. The FT Warrants were assigned a value of \$12,722 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.01%; expected volatility of 185%; expected dividend yield of 0% and an expected life of one and a half years. Expected volatility was based on the historical volatility of other comparable listed companies.

In connection with the offering, the Company incurred a cash fee of \$6,900 and issued 96,000 finders warrants for services rendered to the Company in respect of the offering. The terms of the finder's warrants are equal to the terms of the common and flow through units described above. The Company issued 7,200 common warrants and 88,800 FT Warrants that were assigned a total value of \$1,600 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.01%; expected volatility 185%; expected dividend yield of 0% and an expected life of eighteen months to two years. Expected volatility was based on the historical volatility of other comparable listed companies.

c) Share purchase warrants

The following summarizes the activity during the years ended December 31, 2014 and December 31, 2013:

	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 – November 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 finder warrants – May 7, 2014	132,600	2,600
Expiry of warrants – July 25, 2014	(362,700)	(2,656)
Adjustment to warrant valuation from extension – November 17, 2014	-	2,039
Issue of warrants – December 31, 2014 (net of issue costs)	860,000	13,566
Issue of finder warrants – December 31, 2014	96,000	1,600
Balance at December 31, 2014	2,819,540	30,005

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9. SHARE CAPITAL - continued

On November 17, 2014, the Company extended 1,096,000 warrants exercisable at \$0.10, and 84,940 broker warrants exercisable at \$0.10, from an expiry date of November 28, 2014 to a new expiry date of May 28, 2015. The adjustment to the value of the broker warrants was \$2,039 (2013 - \$nil) and recorded to share based payments.

On July 9, 2014, the Company extended 550,000 warrants exercisable at \$0.10, from an expiry date of July 25, 2014 to a new expiry date of January 25, 2015.

Summary of warrants outstanding as at December 31, 2014:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Life	Grant Date Fair Value
550,000	\$ 0.10	*25-Jan-15	0.07	\$ 4,327
1,180,940	0.10	28-May-15	0.41	7,912
132,600	0.10	7-May-15	0.35	2,600
127,200	0.07	31-Dec-16	2.00	2,326
828,800	0.09	30-Jun-16	1.50	12,840
2,819,540	\$ 0.10		0.73	\$30,005

*expired subsequent to year end

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 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 1.82%; and expected life of 5 years. The options were valued at \$68,475 and vested on the date of grant. Expected volatility was based on the historical volatility of other comparable listed companies.

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 150%; expected dividend yield of 0%; risk-free interest rate of 1.50%; and expected life of 5 years. The options were valued at \$63,250 and vested on the date of grant. Expected volatility was based on the historical volatility of other comparable listed companies.

For the year ended December 31, 2014, stock option expense of \$63,250 (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 \$63,250 (2013 - \$56,128) was related to directors and officers and \$nil (2013 - \$12,375) to consultants compensation.

RENFORTH RESOURCES INC.

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9. SHARE CAPITAL - continued

As at December 31, 2014, the weighted average exercise price of options outstanding and options exercisable were as follows:

	December 31, 2014		December 31, 2013	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of year	2,365,000	\$ 0.135	640,000	\$ 0.653
Granted	1,150,000	\$ 0.060	2,075,000	\$ 0.100
Granted	(200,000)	\$ 0.100	2,075,000	\$ 0.100
Outstanding – end of year	3,315,000	\$ 0.111	2,365,000	\$ 0.135
Exercisable – end of year	3,315,000	\$ 0.111	2,365,000	\$ 0.135

As at December 31, 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	0.82
80,000	0.25	30-Sep-16	80,000	1.75
50,000	0.25	20-Apr-17	50,000	2.30
1,875,000	0.10	19-Jun-18	1,875,000	3.47
1,150,000	0.06	28-May-19	1,150,000	4.41
3,315,000			3,315,000	3.61

The weighted average fair value per option issued during the year ended December 31, 2014 was \$0.06 (2013 \$0.033).

10. LOSS PER COMMON SHARE

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

For the years ended December 31	2014	2013
Numerator:		
Net loss attributable to common shareholders		
- basic and diluted	\$ (143,845)	\$ (569,434)
Denominator:		
Weighted average common shares outstanding		
- basic	43,140,343	31,978,924
Basic and diluted loss per common share	\$ (0.00)	\$ (0.02)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2014 and 2013 because their impact was anti-dilutive.

RENFORTH RESOURCES INC.

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11. INCOME TAXES

a) Provision for Income Taxes - Current

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 26.5% (2013 – 26.50%) were as follows:

	2014	2013
Loss before recovery of income taxes	\$ (143,845)	\$ (573,924)
Statutory rate applied to loss for the year before income taxes	\$ (38,000)	\$ (152,000)
Increase (decrease) in taxes resulting from:		
Non-deductible stock-based compensation	17,000	18,000
Flow-through expenditures	66,000	36,000
Expenses not deductible for tax purposes	(25,000)	-
Other items	(76,000)	7,510
Change in tax rates	-	(89,000)
Tax benefits not realized	56,000	175,000
	-	(4,490)
Current tax expense	-	-
Deferred income tax recovery	-	4,490
	\$ -	\$ 4,490

b) Deferred Income Taxes

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

	2014	2013
Deductible temporary differences		
Non-capital loss carry-forward	\$ 5,042,000	\$ 5,006,000
Exploration and evaluation	1,384,000	1,197,000
Equipment	8,000	8,000
Share issue costs	39,000	54,000
	\$ 6,473,000	\$ 6,265,000

c) Tax Loss Carry-Forwards

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

2026	\$ 327,476
2027	1,098,253
2028	1,400,430
2029	629,929
2030	893,889
2031	644,133
2033	11,483
2034	35,956
	\$ 5,041,549

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(Expressed in Canadian dollars)

12. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures during the years ended December 31, 2014 and 2013.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote. Management believes that the credit risk concentration with respect to these items is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash and cash equivalent balance of \$115,524 (2013 – \$160,981) to settle current liabilities of \$366,893 (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 exchange 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.

The Company does not hold balances in foreign currencies to give rise to exposure to 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. Price risk is remote since the Company is not a producing entity.

Fair value of financial assets and liabilities

The Company has designated its cash and cash equivalents 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, 2014 and 2013, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

RENFORTH RESOURCES INC.

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(Expressed in Canadian dollars)

13. COMMITMENTS AND CONTINGENCIES

- (a) See note 7 and 16 for additional commitments and contingencies on evaluation and exploration assets.
- (b) The Company renounced \$137,670 of qualifying exploration expenditures to the shareholders effective December 31, 2013. Under the “look back” provision governing flow-through shares, \$95,020 of this amount had to be spent by the end of 2014. The Company spent the amount required.
- (c) The Company renounced \$250,000 of qualifying exploration expenditures to the shareholders effective December 31, 2014. Under the “look back” provision governing flow-through shares, \$74,000 of this amount is unspent and must be spent by the end of 2015.
- (d) 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.

14. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

	2014	2013
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Monetary Transactions:		
Shares issued for debt settlement	\$ 220,350	\$ -
Shares issued under option agreements	\$ 6,000	\$ 208,000
Compensation and finders warrants issued	\$ 4,200	\$ 1,821
Change in accrued exploration and evaluation assets	\$ 106,750	\$ 271,725

15. GENERAL AND CORPORATE EXPENSES

	2014	2013
Management compensation (note 8)	\$ 90,000	\$ 60,000
Legal and audit	30,466	40,742
Consulting services	-	4,949
Investor relations	-	29,970
Rent (note 8)	12,113	10,134
Insurance	10,790	11,543
Transfer agent	4,948	5,348
Administrative and general	20,666	24,108
Stock exchange fees	6,728	6,075
Depreciation	291	1,814
	\$ 176,002	\$ 194,683

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16. SUBSEQUENT EVENTS

On January 29, 2015, the Company entered into a letter of intent to acquire 100% of the Parbec Gold Property ("Parbec") from Globex Mining Enterprises Inc. ("Globex") under the following terms.

- 1) over 4 years make cash payments totaling \$550,000
- 2) over 4 years incur \$4,000,000 in work costs on the property
- 3) over 4 years issue a total of 2,000,000 shares to Globex (250,000 shares issued)
- 4) Globex retains a gross metal royalty on the property of between 1% and 2% (percentage calculated in relationship to the prevailing price of gold at the time of delivery)

On February 14, 2015, the Company issued 650,000 options to officers and directors of the Company exercisable for a period of five years at an exercise price of \$0.05 per option. The options vest 50% upon grant and 50% six months from the date of grant.

On February 18, 2015, the Company issued 100,000 common shares and paid \$10,000 in accordance with a property acquisition agreement. Pursuant to this agreement, the Company was required to spend \$20,000 in exploration work on the property. As of the anniversary date, there was a \$12,000 shortfall. In accordance with an agreement with the vendor, the shortfall (\$12,000) has been added to the second year requirement (note 7).

On February 18, 2015, the Company issued 1,000,000 common shares in accordance with the Nixon Bartleman option agreement (note 7).

On March 10, 2015, the Company closed a private placement financing for gross proceeds of \$130,000 through the issuance of 2,600,000 units at \$0.05 per unit. Each unit consisted of one common share and one common share purchase warrant. Each common warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.07 for a period of 24 months following closing.