

RENFORTH RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO SHAREHOLDERS

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three and six months ended June 30, 2016 and 2015 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, 2016 and 2015 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, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents (<i>note 5</i>)	\$ 20,062	\$ 59,338
Sales tax and refundable tax credits receivable	68,522	73,588
Prepaid expenses and deposits	-	2,687
Total current assets	88,584	135,613
Non-current assets		
Exploration and evaluation assets (<i>notes 6 and 7</i>)	2,619,016	2,412,703
TOTAL ASSETS	\$ 2,707,600	\$ 2,548,316
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (<i>notes 6 and 7</i>)	\$ 311,134	\$ 218,737
Deferred flow through share premium	-	4,000
Total liabilities	311,134	222,737
Equity		
Share capital (<i>note 8 (b)</i>)	12,297,613	12,183,169
Shares to be issued	18,000	
Warrant reserve (<i>note 8 (c)</i>)	138,658	127,102
Contributed surplus	1,749,677	1,706,505
Accumulated deficit	(11,807,482)	(11,691,197)
Total equity	2,396,466	2,325,579
TOTAL LIABILITIES AND EQUITY	\$ 2,707,600	\$ 2,548,316

Going concern (*note 1*)**Commitments and contingencies** (*notes 6 and 11*)*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 (unaudited)**

For the three and six months ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Expenses				
General and corporate <i>(notes 7 and 13)</i>	\$ 39,843	\$ 40,915	\$ 77,113	\$ 99,511
Share based payments <i>(note 8(c) and 8(d))</i>	42,143	2,763	43,172	9,208
Loss before other items	\$ (81,986)	\$ (43,678)	\$ (120,285)	\$ (108,719)
Other items				
Other income	-	-	4,000	17,575
Net loss and comprehensive loss for the period	\$ (81,986)	\$ (43,678)	\$ (116,285)	\$ (91,144)
Basic and diluted loss per share <i>(note 9)</i>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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, 2016 and 2015

(Expressed in Canadian dollars)

	2016	2015
Cash flow from operating activities		
Net loss for the year	\$ (116,285)	\$ (91,144)
Items not affecting cash:		
Share based payments	43,172	9,208
Other income	(4,000)	(17,575)
	(77,113)	(99,511)
Changes in non-cash working capital:		
Sales tax receivable	5,066	972
Accounts payable and accrued liabilities	62,397	43,599
Prepaid expenses and deposits	2,687	(25,435)
Total cash flows from operating activities	(6,963)	(80,375)
Cash flow from investing activities		
Additions to exploration and evaluation assets	(76,313)	(149,728)
Quebec input tax credits recovered	-	-
Total cash flows from investing activities	(76,313)	(149,728)
Cash flow from financing activities		
Issue of common shares	14,444	90,199
Issue of warrants	11,556	57,701
Proceeds received in advance of closing financing	18,000	-
Total cash flows from financing activities	44,000	147,900
(Decrease) in cash and cash equivalents	(39,276)	(82,203)
Cash and cash equivalents, beginning of period	59,338	115,524
Cash and cash equivalents, end of period (note 5)	\$ 20,062	\$ 33,321

*Supplemental information (note 12)**The accompanying notes are an integral part of these financial statements.*

RENFORTH RESOURCES INC.

Statements of Changes in Equity

For the three and six months ended June 30, 2016 and 2015

(Expressed in Canadian dollars)

	Share capital	Share capital	Shares to be issued	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2014	47,616,672	11,626,424	-	1,669,297	30,005	(11,688,365)	1,637,361
Share based payments	-	-	-	9,208	-	-	9,208
Shares issued on property purchase agreement	1,350,000	49,000	-	-	-	-	49,000
Shares issued under private placement	3,000,000	150,000	-	-	-	-	150,000
Valuation of warrants issued under private placement	-	(57,013)	-	-	57,013	-	-
Share issue costs	-	(2,788)	-	-	688	-	(2,100)
Expiry of warrants	-	-	-	14,389	(14,389)	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	(91,144)	(91,144)
Balance, June 30, 2015	51,966,672	11,765,623	-	1,692,894	73,317	(11,779,509)	1,752,325
Balance, December 31, 2015	67,571,172	12,183,169	-	1,706,505	127,102	(11,691,197)	2,325,579
Share based payments	-	-	-	43,172	-	-	43,172
Shares issued on property agreements	3,750,000	100,000	-	-	-	-	100,000
Shares issued under private placement	520,000	26,000	-	-	-	-	26,000
Valuation of warrants issued under private placement	-	(11,556)	-	-	11,556	-	-
Proceeds received in advance of closing private placement	-	-	18,000	-	-	-	18,000
Net loss and comprehensive loss for the year	-	-	-	-	-	(116,285)	(116,285)
Balance, June 30, 2016	71,841,172	12,297,613	18,000	1,749,677	138,658	(11,807,482)	2,396,466

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

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(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 29, 2016.

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, social licensing requirements, 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 \$116,285 for the six months ended June 30, 2016 (six months ended June 30, 2015 - \$91,144) and has an accumulated deficit of \$11,807,482 (2015 - \$11,691,197) and a working capital deficiency of \$222,550 (2015-\$87,124).

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(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, 2015.

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 6 for details of capitalized exploration and evaluation costs.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(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, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

- 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 11)

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(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, 2015 annual financial statements, except for the adoption of new standards and interpretations as of January 1, 2016.

Recently-Adopted Accounting Pronouncements and Recent accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 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 updated and re-issued by the IASB on July 24, 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

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 six months ended June 30, 2016.

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

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

5. CASH AND CASH EQUIVALENTS

	As at June 30, 2016	As at December 31, 2015
Cash in bank	\$ 20,062	\$ 59,338

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. EXPLORATION AND EVALUATION ASSETS

	New Alger	Nixon Bartleman	Parbec	Malartic West	Total
Acquisition costs					
December 31, 2014	651,500	-	-	-	651,500
Additions	215,285	40,000	30,000	114,206	399,491
December 31, 2015	866,785	40,000	30,000	114,206	1,050,991
Additions	5,000	90,000	30,000	-	125,000
June 30, 2016	871,785	130,000	60,000	114,206	1,175,991
Exploration					
December 31, 2014	\$ 1,189,178	\$ 25,999	\$ -	\$ -	\$ 1,215,177
Exploration and other geological	181,853	-	121,555	-	303,408
Quebec input tax credits	(131,336)	-	(25,537)	-	(156,873)
December 31, 2015	1,239,695	25,999	96,018	-	1,361,712
Exploration and other geological	22,900	-	58,413	-	81,313
June 30, 2016	\$ 1,262,595	\$ 25,999	\$ 154,431	\$ -	\$ 1,443,025
Carrying amounts					
December 31, 2015	\$ 2,106,480	\$ 65,999	\$ 126,018	\$ 114,206	\$ 2,412,703
June 30, 2016	\$ 2,134,380	\$ 155,999	\$ 214,431	\$ 114,206	\$ 2,619,016

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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

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 agreed to 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. On May 20, 2015, a further amendment was made whereby Renforth will continue to make quarterly payments of \$15,000 which will apply against the balance due. The first payment was due on signing the amendment, followed by quarterly payments due: August 1, November 1, February 1, and the balance due May 2016. As at December 31, 2015, \$110,000 (2014 - \$185,000) is payable to Cadillac and is included in accounts payable and accrued liabilities.

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 (issued February 14, 2014);
- 2- Upon or before the date which is 12 months from the signing of the agreement Renforth shall carry out \$20,000¹ in exploratory work on the property, issue to the vendor 100,000 (issued February 18, 2015) Renforth common shares and pay the vendor \$10,000 (paid February 24, 2015), 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 \$30,000¹ in work on the Property, issue to the vendor 250,000 (issued May 25, 2016) Renforth common shares and pay the vendor \$15,000¹, to earn 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.

⁽¹⁾ The Company has not met the work requirements and cash payments to date. The vendor has agreed to extend the cash payment and work requirements to a future date.

On August 4, 2015, the Company acquired 50 claims adjacent to the New Alger project (the "Bonchamp Claims"). In consideration for these claims, the Company issued 4,000,000 common shares valued at \$0.05 per share based on the quoted market price on the date of issuance.

During the year ended December 31, 2015, the Company recovered \$93,131 (2014 - \$118,698) from Revenu Quebec for the fiscal year ended December 31, 2014. These refundable mining tax credits were recorded as a reduction to exploration and evaluation assets. The Company also accrued another \$38,205 for credits related to 2015 expenditures. No credits were received during the six months ended June 30, 2016 or 2015.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

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.

On April 28, 2016, Renforth negotiated a 100% purchase of the Nixon Bartleman property, subject to a pre-existing 2% NSR, for total consideration of 3 million shares of Renforth and the issuance of an additional 0.5% NSR to the vendor. This purchase replaces the prior option held on the property.

Parbec Gold Project

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 (\$25,000 within 6 months of signing (paid), \$50,000 within 12 months (paid), \$25,000 within 18 months (paid), \$125,000 within 24 months, \$125,000 within 36 months, and \$200,000 within 48 months);
- 2) over 4 years incur \$4,000,000 in work costs on the property (\$350,000 in year one, \$500,000 by the end of year 2, \$1,150,000 by the end of year three, and \$2,000,000 by the end of year four);
- 3) over 4 years issue a total of 2,000,000 shares to Globex (250,000 on signing (issued), 500,000 before the end of year one (issued), 500,000 before the end of year two (issued), 500,000 before the end of year three, 250,000 before the end of year four 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).

In 2015, the Company accrued \$25,537 (2014 - \$nil) of refundable mining tax credits from Revenu Quebec for the fiscal year ended December 31, 2015. These refundable mining tax credits were recorded as a reduction to exploration and evaluation assets. Nothing was accrued for the six months ended June 30, 2016.

Malartic West

On November 6, 2015, the Company acquired 100% of the Malartic West Property. The Malartic West Property, acquired from Knick Exploration for total consideration of 4,000,000 shares of Renforth, is located west of Renforth's Parbec Property, contiguous to the Canadian Malartic Mine property. The property is subject to a 2% NSR and a 2% Gross Overriding Receipts royalty on all diamonds extracted. There is a right to buy back one per cent of the royalty for \$1,000,000.

On November 27, 2015, the Company acquired additional claims adjacent to, and also named, the Malartic West Property for total consideration of 2,000,000 shares of Renforth and 2,000,000 common share purchase warrants exercisable for a period of 2 years at a price of \$0.05.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

7. 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, 2016 and June 30, 2015:

	2016	2015
Salary or other short term benefits	\$ 90,000	\$ 90,000
Share based payments issued	51,300	11,050
	\$ 141,300	\$ 101,050

(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, 2016, the Company was charged \$34,811 (2015 - \$76,837) in exploration related expenditures, and \$60,000 (2015 - \$60,000) in management fees for the CEO, of which \$45,000 (2015 - \$45,000) was capitalized and recorded in exploration and evaluation assets and \$15,000 (2015 - \$15,000) was charged to general and corporate expense on the statement of loss. The Company also rents office space from Billiken. During the period, the Company was charged \$6,375 (2015 - \$3,825) for office rent.

For the six months ended June 30, 2016, the Company was charged \$30,000 (2015-\$30,000) in management fees by a company owned by the Chief Financial Officer of the Company, for CFO services. As at June 30, 2016, \$58,250 (December 31, 2015 - \$28,250) is owing to this officer and included in accounts payable. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

8. 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, 2014	47,616,672	\$ 11,626,424
Shares issued in accordance with purchase agreement (i)	100,000	4,000
Shares issued in accordance with purchase agreement (ii)	1,000,000	40,000
Shares issued in accordance with purchase agreement (iii)	250,000	5,000
Shares issued under private placement (iv)	2,600,000	130,000
Valuation of warrants (iv)	-	(56,837)
Shares issued under private placement (v)	400,000	20,000
Valuation of warrants (v)	-	(4,842)
Share issue costs (v)	-	(2,299)
Flow through share premium	-	(4,000)
Shares issued on settlement of debt	3,390,000	50,850
Shares issued in accordance with property agreement (vii)	2,000,000	30,000
Shares issued in accordance with property agreement (vii)	4,000,000	60,000
Shares issued in accordance with property agreement (viii)	4,000,000	200,000
Shares issued for services	64,500	3,225
Shares issued under private placement (vi)	2,150,000	107,500
Valuation of warrants	-	(25,852)
Balance, December 31, 2015	67,571,172	12,183,169
Shares issued in accordance with Parbec option agreement (note 6)	500,000	5,000
Shares issued under private placement (ix)	520,000	26,000
Valuation of warrants	-	(11,556)
Shares issued in accordance with Nixon Bartleman agreement (note 6)	3,000,000	90,000
Shares issued in accordance with New Alger agreement (note 6)	250,000	5,000
Balance, June 30, 2016	71,841,172	\$ 12,297,613

- (i) In accordance with the New Alger property agreement, on February 18, 2015, Renforth issued 100,000 common shares at \$0.04 per share, based on the fair value of common shares at the date of issuance (see note 6).
- (ii) In accordance with the Nixon Bartleman option agreement, on February 18, 2015, Renforth issued 1,000,000 common shares at \$0.04 per share, based on the fair value of common shares at the date of issuance (note 6).
- (iii) In accordance with the option agreement on the Parbec Gold Project, on February 26, 2015, Renforth issued 250,000 common shares at \$0.02 per share, based on the fair value of common shares at the date of issuance (note 6).
- (iv) 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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

The warrants were assigned a value of \$56,837 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.60%; expected volatility 209%; 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

- (v) On June 1, 2015, the Company closed a private placement financing for gross proceeds of \$20,000 through the issuance of 400,000 units at \$0.05 per unit. Each unit consisted of one flow through common share and one-half 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 \$0.09 for a period of 18 months following closing.

The warrants were assigned a value of \$4,842 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.56%; expected volatility 220%; expected dividend yield of 0% and an expected life of 18 months 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 \$1,600 and issued 24,000 finders warrants for services rendered to the Company in respect of the offering. Each warrant entitles the holder to purchase one common share of the Company at a price of \$0.07 for a period of 2 years from the date of issue. The warrants were assigned a total value of \$199 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.56%; expected volatility 209%; 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 Company incurred other costs of \$500 in connection with the offering.

- (vi) On December 31, 2015, the Company closed the second and final tranche of a non-brokered private placement financing raising gross proceeds of \$107,500 through the issuance of 215 units at \$500 per unit.

Each unit consisted of 1,200 common shares of the Company, 8,800 common shares of the Company issued on a "flow-through" basis and 4,400 common share purchase warrants.

Each warrant entitled the holder to purchase one common share at \$0.10 per share for a period of 2 years following the date of issuance. These warrants were assigned a value of \$25,852 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.48%; expected volatility of 225%; 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.

- (vii) In accordance with the Malartic West property purchase, Renforth issued 6,000,000 common shares at \$0.015 per share based on the fair market value of the common shares at the date of issuance (note 6) and 2,000,000 common share purchase warrant. Each warrant entitled the holder to purchase one common share at \$0.05 per share for a period of 2 years following the date of issuance. These warrants were assigned a value of \$24,206 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.63%; expected volatility of 225%; 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.
- (viii) In accordance with the acquisition of the Bonchamp Claims (note 6), Renforth issued 4,000,000 common shares at \$0.05 per share based on the fair market value of the common shares at the date of issuance.

RENFORTH RESOURCES INC.

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(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

- (ix) On May 11, 2016, the Company closed a non-brokered private placement financing raising gross proceeds of \$26,000 through the issuance of 520,000 common share units (“Common Units”) at \$0.05 per Common Unit. Each Common Unit consists of one common share in the capital of the Company and one whole common share purchase warrant (“Common Warrant”). Each Common 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 24 months following closing. These warrants were assigned a value of \$11,556 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.53%; expected volatility of 218%; 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.

c) Share purchase warrants

The following summarizes the activity during the six months ended June 30, 2016 and the year ended December 31, 2015:

	Warrants outstanding	Value
		\$
Balance at December 31, 2014	2,819,540	30,005
Issue of warrants – March 10, 2015	2,600,000	56,837
Expiry of warrants – Jan 25, 2015	(550,000)	(4,327)
Expiry of warrants – May 7, 2015	(132,600)	(2,600)
Expiry of warrants – May 28, 2015	(1,180,940)	(7,912)
Issue of warrants – June 1, 2015	224,000	5,041
Issue of warrants – November 27, 2015	2,558,800	39,697
Issue of warrants – December 31, 2015	387,200	10,361
Issue of warrants – May 11, 2016	520,000	11,556
Balance at December 31, 2015 and June 30, 2016	7,246,000	138,658

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

Summary of warrants outstanding as at June 30, 2016:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Life	Grant Date Fair Value
127,200	\$0.07	31-Dec-16	0.50	\$ 2,326
828,800	0.09	30-Jun-16	0.00	12,840
2,600,000	0.07	9-Mar-17	0.69	56,837
200,000	0.09	1-Dec-16	0.42	4,842
24,000	0.07	1-Jun-17	0.92	199
2,000,000	0.05	27-Nov-17	1.41	24,206
558,800	0.10	27-Nov-17	1.41	15,491
387,200	0.10	31-Dec-17	1.52	10,361
520,000	0.10	11-May-18	1.86	11,556
7,246,000	\$0.08		0.98	\$ 138,658

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 February 26, 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 vested 50% upon grant and 50% six months from the date of grant. 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 0.78%; and expected life of 5 years. The options were valued at \$11,050. Expected volatility was based on the historical volatility of other comparable listed companies.

On August 7, 2015, the Company issued 950,000 options to officers and directors of the Company exercisable for a period of five years at an exercise price of \$0.09 per option. The options vested 50% upon grant and 50% six months from the date of grant. 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 176%; expected dividend yield of 0%; risk-free interest rate of 0.78%; and expected life of 5 years. The options were valued at \$12,350. Expected volatility was based on the historical volatility of other comparable listed companies.

On April 28, 2016, the Company issued 1,650,000 options to officers, directors and consultants of the Company exercisable for a period of five years at an exercise price of \$0.07 per option. The options vested 50% upon grant and 50% six months from the date of grant. 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 191%; expected dividend yield of 0%; risk-free interest rate of 0.85%; and expected life of 5 years. The options were valued at \$62,700. Expected volatility was based on the historical volatility of other comparable listed companies.

For the six months ended June 30, 2016, stock option expense of \$43,172 (2015 - \$6,445) 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 for directors and officers compensation.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

8. SHARE CAPITAL - continued

As at June 30, 2016, the weighted average exercise price of options outstanding and options exercisable were as follows:

	June 30, 2016		December 31, 2015	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of year	4,755,000	\$ 0.11	3,315,000	\$ 0.13
Granted	1,650,000	0.07	1,600,000	\$ 0.07
Expired/cancelled	(800,000)	(0.06)	(160,000)	\$ 0.50
Outstanding – end of period	5,605,000	\$ 0.08	4,755,000	\$ 0.09
Exercisable – end of period	4,855,000	\$ 0.08	4,280,000	\$ 0.11

As at June 30, 2016 the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life (years)
80,000	0.25	30-Sep-16	80,000	0.25
50,000	0.25	20-Apr-17	50,000	0.81
1,675,000	0.10	19-Jun-18	1,875,000	1.97
1,000,000	0.06	28-May-19	1,150,000	2.91
600,000	0.05	26-Feb-20	650,000	3.66
700,000	0.09	7-Aug-20	950,000	4.11
1,500,000	0.07	28-Apr-21	750,000	4.83
5,605,000			4,855,000	3.32

The weighted average fair value per option issued during the period ended June 30, 2015 was \$0.038 (2015 - \$0.015).

9. 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	
	2016	2015	2016	2015
Numerator:				
Net loss attributable to common shareholders				
- basic and diluted	\$ (81,986)	\$ (43,678)	\$ (116,285)	\$ (91,144)
Denominator:				
Weighted average common shares outstanding				
- basic	70,104,139	51,694,145	69,057,436	40,216,341
- fully diluted	82,955,139	55,361,672	81,908,436	45,757,581
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2016 and 2015 because their impact was anti-dilutive.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

10. 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, 2016 and 2015.

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 June 30, 2016, the Company had a cash and cash equivalent balance of \$20,062 (2015 – \$59,338) to settle current liabilities of \$311,134 (2015 - \$222,737).

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 June 30, 2016 and December 31, 2015, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements

June 30, 2016

(Expressed in Canadian dollars)

11. COMMITMENTS AND CONTINGENCIES

- (a) See note 6 and 15 for additional commitments and contingencies on evaluation and exploration assets.
- (b) The Company renounced \$114,600 of qualifying exploration expenditures to the shareholders effective December 31, 2015. Under the “look back” provision governing flow-through shares, \$41,968 of this amount was unspent at December 31, 2015 and has to be spent by the end of 2016.
- (c) The Company renounced \$250,000 of qualifying exploration expenditures to the shareholders effective December 31, 2014. Under the “look back” provisions governing flow-through shares, \$74,000 of this amount had to be spent by the end of 2015. The Company spent the amount required.
- (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.

12. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

For the six months ended June 30,	2016	2015
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Monetary Transactions:		
Shares issued under option agreements	\$ 100,000	\$ 49,000

13. GENERAL AND CORPORATE EXPENSES

	Three months ended June 30		Six months ended June 30,	
	2016	2015	2016	2015
Management compensation	\$ 22,500	\$ 22,500	\$ 45,000	\$ 45,000
Legal and audit	7,400	5,400	12,400	9,567
Rent	2,550	5,100	6,375	8,925
Insurance	2,500	1,350	5,187	4,280
Transfer agent	928	1,780	1,790	2,789
Administrative and general	2,465	3,285	3,361	25,950
Stock exchange fees	1,500	1,500	3,000	3,000
	\$ 39,843	\$ 40,915	\$ 77,113	\$ 99,511

14. SUBSEQUENT EVENTS

On August 11, 2016, the Company and Cadillac entered in to an agreement whereby, Renforth shall make a final payment to Cadillac of \$10,000 and 2,000,000 common shares of Renforth as full settlement of the amount owing under the New Alger Purchase Agreement.