RENFORTH RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(Expressed in Canadian Dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Renforth Resources Inc.

We have audited the accompanying financial statements of Renforth Resources Inc., which comprise the statements of financial position as at December 31, 2017 and 2016, 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, 2017 and 2016, and its financial performance and 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, 2017 and an accumulated deficit as at December 31, 2017. 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.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 19, 2018

RENFORTH RESOURCES INC.

Statements of Financial Position
(Expressed in Canadian dollars)

	As at December 31, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents *(note 5)*	**$ 1,026,984**	$ 16,906
Sales tax and refundable tax credits receivable	**110,786**	62,531
Prepaid expenses and deposits	**46,151**	-
Total current assets	**1,183,921**	79,437
Non-current assets		
Exploration and evaluation assets *(notes 6 and 7)*	**4,002,121**	2,721,122
TOTAL ASSETS	**$ 5,186,042**	$ 2,800,559
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities *(note 7)*	**$ 362,177**	$ 335,957
Deferred flow through share premium *(note 8(b))*	**434,203**	-
Total liabilities	**796,380**	335,957
Equity		
Share capital *(note 8 (b))*	**14,181,424**	12,433,562
Shares to be issued *(note 8(b))*	**13,980**	
Warrant reserve *(note 8 (c))*	**439,834**	143,201
Contributed surplus	**2,051,630**	1,837,042
Accumulated deficit	**(12,297,206)**	(11,949,203)
Total equity	**4,512,559**	2,464,602
TOTAL LIABILITIES AND EQUITY	**$ 5,186,042**	$ 2,800,559

Going concern (*note 1*)

Commitments and contingencies *(notes 6 and 12)*

Subsequent events *(note 15)*

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

Approved by the Board

Signed: Signed:

"Nicole Brewster", Director "Wally Rudensky", Director

RENFORTH RESOURCES INC.

Statements of Loss and Comprehensive Loss
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

	2017	2016
Expenses		
General and corporate *(notes 7 and 14)*	**$ 210,509**	$ 156,477
Share based payments (*note 8(d)*)	**137,494**	110,529
Loss before other items	**$ (348,003)**	$ (267,006)
Other items		
Other income	**-**	4,000
Gain on settlement of debt *(note 6)*	**-**	5,000
Net loss and comprehensive loss for the year	**$ (348,003)**	$ (258,006)
Basic and diluted loss per share (*note 9*)	**$ (0.00)**	$ (0.00)

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

RENFORTH RESOURCES INC.

Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(Expressed in Canadian dollars)

		2017		2016
Cash flow from operating activities				
Net loss for the year	**$**	**(348,003)**	$	(258,006)
Items not affecting cash:				
Share based payments		**137,494**		110,529
Gain on settlement of debt		**-**		(5,000)
Other income		**-**		(4,000)
Shares issued for services		**18,640**		-
		(191,869)		(156,477)
Changes in non-cash working capital:				
Sales tax and refundable tax credits receivable		**(4,715)**		(50,804)
Accounts payable and accrued liabilities		**406,428**		160,644
Prepaid expenses and deposits		**(46,151)**		2,687
Total cash flows from operating activities		**163,693**		(43,950)
Cash flow from investing activities				
Additions to exploration and evaluation assets		**(827,145)**		(144,343)
Quebec input tax credits recovered		**-**		61,861
Total cash flows from investing activities		**(827,145)**		(82,482)
Cash flow from financing activities				
Issue of common shares		**1,169,004**		47,893
Issue of warrants		**578.976**		36,107
Share issue costs		**(74,450)**		-
Total cash flows from financing activities		**1,673,530**		84,000
Increase (decrease) in cash and cash equivalents		**1,010,078**		(42,432)
Cash and cash equivalents, beginning of year		**16,906**		59,338
Cash and cash equivalents, end of year (*note 5*)	**$**	**1,026,984**	$	16,906

Supplemental information (note 13)
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, 2017 and 2016
(Expressed in Canadian dollars)

	Share capital	Share capital	Shares to be Issued	Contributed surplus	Warrant reserve	Deficit	Total
	#	$	$	$	$	$	$
Balance, December 31, 2015	67,571,172	12,183,169	-	1,706,505	127,102	(11,691,197)	2,325,579
Share based payments	-	-	-	110,529	-	-	110,529
Shares and warrants issued on property purchase agreement	6,200,000	202,500	-	-	-	-	202,500
Shares issued under private placement	1,680,000	84,000	-	-	-	-	84,000
Valuation of warrants issued under private placement	-	(36,107)	-	-	36,107	-	-
Expiry of warrants	-	-	-	20,008	(20,008)	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	(258,006)	(258,006)
Balance, December 31, 2016	75,451,172	12,433,562	-	1,837,042	143,201	(11,949,203)	2,464,602
Share based payments	-	-	-	137,494	-	-	137,494
Shares issued for services agreement	3,883,600	194,180	-	-	-	-	194,180
Shares and warrants issued on property purchase agreement	5,500,000	305,000	-	-	-	-	305,000
Shares issued under private placement	31,753,333	1,729,000	13,980	-	-	-	1,742,980
Valuation of warrants issued under private placement	-	(380,431)	-	-	380,431	-	-
Share issue costs	-	(96,546)	-	-	(6,704)	-	(103,250)
Shares issued to settle debt	7,816,057	425,862	-	-	-	-	425,862
Flow through share premium	-	(434,203)	-	-	-	-	(434,203)
Exercise of stock options	100,000	5,000	-	-	-	-	5,000
Expiry of warrants	-	-	-	77,094	(77,094)	-	-
Net loss and comprehensive loss for the year	-	-	-	-	-	(348,003)	(348,003)
Balance, December 31, 2017	124,504,163	14,181,424	13,980	2,051,630	439,834	(12,297,206)	4,512,559

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

1. NATURE OF BUSINESS AND GOING CONCERN

Nature of business

Renforth Resources Inc. (the "Company" or "Renforth"), was incorporated in Canada under the Business Corporations Act (Ontario) and carries on business in one segment, being the acquisition, exploration and development of mineral properties in Canada. The Company's registered and head office is located at 65 Front Street East, Suite 304, Toronto, Ontario M5E 1B5.

These financial statements were approved by the board on April 19, 2018.

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. The Company is currently negotiating terms of its option agreements regarding the Parbec Gold Property.

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 $348,003 for the year ended December 31, 2017 (2016 - $258,006) and has an accumulated deficit of $12,297,206 (2016 - $11,949,203) and a working capital surplus of $381,541 (2016 –deficiency of $256,520).

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 6 for details of capitalized exploration and evaluation costs.

- Impairment of exploration and evaluation assets

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

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

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

- Income, 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 12)

3. SIGNIFICANT ACCOUNTING POLICIES

Exploration and evaluation assets

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

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

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

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

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

Quebec refundable tax credit and refundable mining duty

The Company is entitled to a credit on duties refundable under the Mining Duties Act. This credit on duties on exploration costs incurred in the Province of Quebec has been recognized as an exploration and evaluation asset recovery on the statements of financial position.

Furthermore, the Company is entitled to a refundable tax credit on qualified expenditures incurred. The refundable tax credit for exploration expenditures is 28% of qualified expenditures incurred.

The Company estimates the benefits to be recognized from refundable tax credits relating to qualified expenditures incurred. These receivables are recognized to the extent that it is probable that the Company has met all eligibility requirements for the expenditures in the period they are incurred. The Company presents these credits as exploration and evaluation asset recoveries on the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

As at December 31, 2017 and 2016, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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, 2017 and 2016, 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 8(d). The Company uses the fair value-based method of accounting for stock-based compensation arrangements. The fair value of each option granted is accounted for in operations over the vesting period of the option using the Black-Scholes option pricing model at the date of grant, with the related increase to contributed surplus. Upon exercise of the stock options, the consideration paid, together with the amount previously recognized in contributed surplus, is recorded as an increase in share capital. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

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

Foreign currency translation

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

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

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

Share issue costs

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

Financial Instruments

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

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

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

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

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

(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

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, 2018 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.

IFRS 2 Share based payments, the amendments, which were developed through the IFRS Interpretations Committee, provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The effective date is for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of consolidated financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The standard is effective for periods beginning on or after January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration ("IFRIC 22") was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 23 – Uncertainty Over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

During the year ended December 31, 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvement of existing standards. These included IAS 7 and IAS 12. These new changes 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.

(Expressed in Canadian dollars)

4. CAPITAL MANAGEMENT (continued)

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, 2017 and 2016.

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

5. CASH AND CASH EQUIVALENTS

	As at December 31, 2017	As at December 31, 2016
Cash in bank	**$ 1,026,984**	$ 16,906

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 Bartelman**	**Parbec**	**Malartic West**	**Denain**	**Total**
Acquisition costs	#	#	#	#	#	#
December 31, 2015	$ 866,785	$ 40,000	$ 30,000	$ 114,206	$ -	$1,050,991
Additions	27,500	90,000	80,000	-	-	197,500
December 31, 2016	894,285	130,000	110,000	114,206	-	1,248,491
Additions	-	-	155,000	-	300,000	455,000
December 31, 2017	**$ 894,285**	**$ 130,000**	**$ 265,000**	**$ 114,206**	**$ 300,000**	**$ 1,703,491**
Exploration	#	#	#	#	#	#
December 31, 2015	$ 1,239,695	$ 25,999	$ 96,018	$ -	$ -	$1,361,712
Exploration and other geological	63,774	-	89,611	-	-	153,385
Quebec input tax credit	(15,436)	-	(27,030)	-	-	(42,466)
December 31, 2016	1,288,033	25,999	158,599	-	-	1,472,631
Exploration and other geological	214,860	-	353,514	29,145	228,480	825,999
December 31, 2017	**$ 1,502,893**	**$ 25,999**	**$ 512,113**	**$ 29,145**	**$ 228,480**	**$ 2,298,630**
Carrying amounts						
December 31, 2016	2,182,318	155,999	268,599	114,206	-	2,721,122
December 31, 2017	**$ 2,397,178**	**$ 155,999**	**$ 777,113**	**$ 143,351**	**$ 528,480**	**$ 4,002,121**

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. subject to an existing 1% net smelter return royalty (“NSR”) and Cadillac will retain an additional 1% NSR. The Purchase Agreement supersedes previous agreements.

6. EXPLORATION AND EVALUATION ASSETS (continued)

On August 11, 2016, the Company and Cadillac entered in to an agreement whereby, Renforth made 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. This settlement resulted in a gain of $5,000.

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 was 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 $20,000 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 $30,000 in work on the Property, issue to the vendor 250,000 (issued May 25, 2016) Renforth common shares and pay the vendor $15,000, 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.

On September 14, 2016 the Company entered into an agreement to acquire 100% of the properties for the following terms:

- issue 450,000 shares (issued September 21, 2016)
- pay $10,000 prior to January 2017 (paid)
- pay nominal expenses associated with renewal fees
- issue a 1% NSR to the option holder (purchasable for $1,000,000)

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, 2017, the Company recovered $nil (2016 - $61,861) from Revenu Quebec for the fiscal year ended December 31, 2016. These refundable mining tax credits were recorded as a reduction to exploration and evaluation assets. As at December 31, 2017 the Company also accrued $nil (2016 - $15,436) for credits related to 2017 expenditures.

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 Bertleman 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.

6. EXPLORATION AND EVALUATION ASSETS (continued)

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 (paid), $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[1], $500,000 by the end of year two[1], $1,150,000 by the end of year three[1], 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.

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).

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

The Company accrued $nil (2016 - $27,030) of refundable mining tax credits from Revenu Quebec for the fiscal year ended December 31, 2017 These refundable mining tax credits were recorded as a reduction to exploration and evaluation assets.

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 1% 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.

On July 12, 2017, the Company entered into an earn-in and joint ventures agreement on the West Malartic Property with SOQUEM (a subsidiary of Investissement Québec) whereby SOQUEM can earn a 50% interest in the property with an expenditure of $1.3 million over 3 years.

Denain Gold Project

In March 2017, the Company acquired the Denain Gold Project, located on the Cadillac Break. The project is comprised of 145 claims. The claims were acquired for 3,750,000 shares of Renforth to be issued from treasury (note 8) for a 100% interest in 101 claims and an 80% interest in 44 of the claims where the arms-length vendor only holds an 80% interest in such claims. The vendor will retain a 2% NSR on the claims, half of which (1% of the 2%) can be purchased by Renforth for $500,000.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

On July 7, 2017, Renforth acquired the Pershing claim block from two vendors, the total consideration paid is $27,000 cash and the issuance of 1,250,000 shares (note 8). The shares issued are restricted for four months from the date of issue. One vendor retains a 2% NSR on 36 of the purchased claims, with Renforth able to buyback half of the NSR (1% NSR) for $1,000,000 for a period of 10 years. The other vendor retains a 2% GMR on 3 of the claims.

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 years ended December 31, 2017 and December 31, 2016:

	2017	2016
Salary or other short-term benefits	**$ 180,000**	$ 180,000
Share based payments issued	**83,850**	80,100
	$ 263,850	$ 260,100

(b) Other related party balances and transactions

The Company engages Billiken Management Services Inc. and Minroc Management Limited ("Billiken"), geological consulting companies, to manage the Company's exploration programs. The Company's CEO, Nicole Brewster, is a controlling shareholder of Billiken. For the year ended December 31, 2017, the Company was charged $437,342 (2016 - $52,315) in exploration related expenditures, and $120,000 (2016 - $120,000) in management fees for the CEO, of which $90,000 (2016 - $90,000) was capitalized and recorded in exploration and evaluation assets and $30,000 (2016 - $30,000) was charged to general and corporate expense on the statement of loss. The Company also rents office space from Billiken. During the year ended December 31, 2017, the Company was charged $nil (2016 - $6,375) for office rent. On January 11, 2017, the Company settled debt with Billiken in the amount of $192,100 by the issuance of 3,842,000 common shares. The shares had a market value of $192,100. On July 7, 2017, the Company settled debt with Billiken in the amount of $67,800 by the issuance of 968,571 common shares. The shares had a market value of $67,800. As at December 31, 2017, $246,280 (2016 - $187,470) was owed to Billiken. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2017, the Company was charged $60,000 (2016 - $60,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at December 31, 2017, $33,900 (2016 - $96,050) is owing to this corporation and included in accounts payable. This amount is unsecured, non-interest bearing with no fixed terms of repayment. On January 11, 2017, the Company settled debt with the CFO in the amount of $96,050 by the issuance of 1,921,000 common shares. The shares had a market value of $96,050. On July 7, 2017, the Company settled debt with the CFO in the amount of $33,900 by the issuance of 484,286 common shares. The shares had a market value of $33,900.

See also Note 15.

(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, 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 (i)	520,000	26,000
Valuation of warrants (i)	-	(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
Shares issued under private placement (ii)	360,000	18,000
Valuation of warrants (ii)	-	(7,642)
Shares issued under private placement (iii)	520,000	26,000
Valuation of warrants (iii)	-	(11,556)
Shares issued under private placement (vi)	280,000	14,000
Valuation of warrants (vi)	-	(5,353)
Shares issued in accordance with New Alger agreement (iv)	2,000,000	80,000
Shares issued in accordance with New Alger claim agreement (v)	450,000	22,500
Balance, December 31, 2016	75,451,172	$ 12,433,562
Shares issued to settle debt (vii)	5,763,000	288,150
Shares issued under private placement (viii)	1,350,000	67,500
Valuation of warrants (viii)	-	(17,278)
Shares issued on acquisition of Denain property (note 6)	3,750,000	187,500
Shares issued to settle debt (x)	600,200	36,012
Shares issued on exercise of options (xi)	100,000	5,000
Shares issued in accordance with Parbec option agreement (note 6)	500,000	30,000
Shares issued under private placement (xii)	3,520,000	176,000
Valuation of warrants (xii)	-	(50,946)
Cost of issue (xii)	-	(16,605)
Shares issued under private placement (xiii)	6,710,000	335,500
Valuation of warrants (xiii)	-	(96,488)
Cost of issue (xiii)	-	(17,346)
Shares issued under private placement (xiv)	1,980,000	99,000
Valuation of warrants (xiv)	-	(31,580)
Cost of issue (xiv)	-	(4,631)
Shares issued to settle debt (xv)	1,452,857	101,700
Shares issued on acquisition of Pershing property (note 6)	1,250,000	87,500
Shares issued for services (xvi)	3,883,600	194,180
Shares issued under private placement (xvii)	18,456,333	1,051,000
Valuation of warrants (xvii)	-	(184,139)
Cost of issue (xvii)	-	(57,964)
Flow through share premium	-	(434,203)
Balance, December 31, 2017	124,504,163	$ 14,181,424

8. SHARE CAPITAL (continued)

(i) 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.

(ii) On July 4, 2016, the Company closed a non-brokered private placement financing raising gross proceeds of $18,000 through the issuance of 260,000 common share units (Common Units) and 100,000 flow through units ("FT Units"). The Common Units were priced at $0.05 per unit and consisted of one share and one warrant The FT Units were priced at $0.05 per unit and consisted of one share and a half warrant. Each full warrant can be exercised to purchase one common share at a price of $0.10 per share. The half warrants associated with the flow through units are exercisable for a period of 18 months, the whole warrants associated with the common share units are valid for a period of 24 months. These warrants were assigned a value of $7,642 using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.51%; expected volatility of 214%; expected dividend yield of 0% and an expected life of 1.5 - 2 years. Expected volatility was based on the historical volatility of other comparable listed companies.

(iii) On September 19, 2016, the Company completed 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 consisted 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 0.58%; expected volatility of 214%; expected dividend yield of 0% and an expected life of 2 years. Expected volatility was based on the historical volatility of other comparable listed companies.

(iv) On September 19, 2016, the Company issued 2,000,000 common shares, at $0.04 per share based on the fair market value of the common shares at the date of issuance, for 100% ownership of the New Alger mining concession, subject to a 2% NSR which applies to the property (note 6).

(v) On September 21, 2016, the Company issued 450,000 common shares, at $0.05 per share based on the fair market value of the common shares at the date of issuance, for 100% interest in the optioned claims that are contiguous to the Company's wholly owned New Alger Project (note 6).

(vi) On November 30, 2016, the Company completed a non-brokered private placement financing raising gross proceeds of $14,000 through the issuance of 80,000 common share units ("Common Units"), and 200,000 flow through units ("FT Units") each at $0.05 per Common Unit. Each Common Unit consisted 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. Each FT Unit consisted of one common share in the capital of the Company and one half common share purchase warrant ("FT Warrant"). Each FT 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 18 months following closing. These Common and FT Warrants were assigned a value of $2,095 and $3,258 respectively, 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 1.5 - 2 years. Volatility was based on historical volatility of comparable listed companies.

8. SHARE CAPITAL (continued)

(vii) On January 9, 2017, the Company settled debt in the amount of $288,150 associated with services rendered to Renforth by the President and CEO and the CFO over a period covering 17 months and including HST. A total of 5,763,000 shares were issued to discharge this debt in full.

(viii) On March 7, 2017, the Company closed a financing in the amount of $67,500, raised with the sale of 100,000 common share units and 1,250,000 flow-through units, each unit priced at $0.05, with 725,000 warrants exercisable at $0.10 for a period of 24 months for the warrants attached to the common share units and 18 months for the warrants attached to the flow through units. The flow through Warrants were assigned a value of $15,152, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.79%; expected volatility of 184%; expected dividend yield of 0% and an expected life of 1.5 years. The common warrants were assigned a value of $2,126 respectively, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.79%; expected volatility of 184%; expected dividend yield of 0% and an expected life of 2 years. Expected volatility was based on historical volatility of other comparable listed companies.

(ix) On March 2017, the Company issued 3,750,000 common shares, at $0.05 per share based on the fair market value of the common shares at the date of issuance, for a 100% interest in 101 claims and an 80% interest in 44 of the claims of the Denain Gold Project, where the arms-length vendor only holds an 80% interest in such claims. The vendor will retain a 2% NSR on the claims, half of which (1% of the 2%) can be purchased by Renforth for $500,000 (note 6).

(x) On May 15, 2017, the Company issued 600,200 common shares, at a fair market value of $0.06 per share, to settle amounts owing to a non-related service provider.

(xi) On May 15, 2017, the Company issued 100,000 common shares for the exercise of stock options at $0.05 per share.

(xii) On June 5, 2017, the Company completed the first tranche of a private placement financing (the "Offering") raising gross proceeds of $176,000 through the issuance of 1,100,000 common share units ("Common Units") at $0.05 per Common Unit, and 2,420,000 flow through units ("FT Units") at $0.05 per FT 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. Each FT Unit consists of one common share in the capital of the Company and one half common share purchase warrant ("FT Warrant"). Each FT 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 18 months following closing. The Common Warrants were assigned a value of $23,023, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.71%; expected volatility of 178%; expected dividend yield of 0% and an expected life of 2 years. The FT Warrants were assigned a value of $27,923 respectively, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.71%; expected volatility of 169%; expected dividend yield of 0% and an expected life of 1.5 years. Expected volatility was based on historical volatility of other comparable listed companies.

In connection with the Offering, the Company incurred cash issue costs of $19,050 and 144,000 FT Warrants for broker compensation (with a value of $4,320). $6,765 of the total issue costs have been allocated to warrants.

8. SHARE CAPITAL (continued)

(xiii) On June 26, 2017, the Company completed the second tranche of a private placement financing (the "Offering") raising gross proceeds of $335,500 through the issuance of 2,030,000 Common Units and 4,680,000 FT Units. The Common Warrants on this tranche were assigned a value of $42,488, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.71%; expected volatility of 178%; expected dividend yield of 0% and an expected life of 2 years. The FT Warrants were assigned a value of $54,000, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.71%; expected volatility of 169%; expected dividend yield of 0% and an expected life of 1.5 years. Expected volatility was based on historical volatility of other comparable listed companies.

In connection with the Offering, the Company incurred cash issue costs of $15,780 and 285,600 FT Warrants for broker compensation (with a value of $8,568). $7,002 of the total issue costs have been allocated to warrants.

(xiv) On July 7, 2017, the Company completed the third and final tranche of the previously noted private placement financing (note 8(xii) and 8(xiii)) raising gross proceeds of $99,000 through the issuance of 930,000 Common Units, and 1,050,000 FT Units. The Common Warrants on this tranche were assigned a value of $19,465, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.71%; expected volatility of 178%; expected dividend yield of 0% and an expected life of 2 years. The FT Warrants were assigned a value of $12,115, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.71%; expected volatility of 169%; expected dividend yield of 0% and an expected life of 1.5 years. Expected volatility was based on historical volatility of other comparable listed companies.

In connection with the Offering, the Company incurred cash issue costs of $6,800. $2,169 of total issue costs have been allocated to warrants.

(xv) July 7, 2017, the Company settled debt in the amount of $101,700 associated with services rendered to Renforth by the President and CEO and the CFO over a period covering 6 months and including HST (see note 7). This is the only compensation paid for the services rendered in the period. A total of 1,452,857 shares were issued to discharge this debt in full.

(xvi) In October, 2017, the Company issued 3,883,600 common shares, at a fair market value of $0.05 per share, to settle amounts owing to two non-related service providers.

(xvii) On December 31, 2017, the Company completed a private placement financing raising total gross proceeds of $1,064,980 through the issuance of 4,240,000 common units, and 14,216,333 flow through units. The flow-through units were issued at $0.06 per unit, comprised of one share and one half of one warrant. A full warrant can be exercised for a period of 18 months into one common share at a price of $0.12. The common share units were issued at $0.05 per unit, each unit consists of one common share and one common share purchase warrant, the warrant can be exercised for a period of 24 months to purchase an additional common share at a price of $0.10. The common warrants on this tranche were assigned a value of $84,289, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.68%; expected volatility of 164%; expected dividend yield of 0% and an expected life of 2 years. The ft warrants were assigned a value of $201,850, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.68%; expected volatility of 149%; expected dividend yield of 0% and an expected life of 1.5 years. Expected volatility was based on historical volatility of other comparable listed companies. In connection with the offering, the Company incurred cash issue costs of $61,620 and 568,000 ft warrants for broker compensation (with a value of $17,640). $21,296 of the total issue costs have been allocated to warrants. As at December 31, 2017, 263,000 shares have not yet been issued and have been classified as shares to be issued.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

c) Share purchase warrants

The following summarizes the activity during the years ended December 31, 2017 and December 31, 2016:

	Warrants outstanding	Value
		$
Balance at December 31, 2015	6,726,000	127,102
Issued	1,530,000	36,107
Expired	(1,156,000)	(20,008)
Balance at December 31, 2016	7,100,000	143,201
Issued	21,205,767	378,727
Expired	(3,570,000)	(77,094)
Balance at December 31, 2017	24,785,767	489,834

Summary of warrants outstanding as at December 31, 2017:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Life	Grant Date Fair Value
#	$		years	$
(i) 2,000,000	0.07	27-Nov-18	0.91	24,206
520,000	0.10	11-May-18	0.36	11,556
260,000	0.10	4-Jul-18	0.51	5,642
50,000	0.10	4-Jan-18	0.01	2,000
520,000	0.10	19-Sep-18	0.71	11,556
80,000	0.10	30-Nov-18	0.92	2,095
100,000	0.10	30-May-18	0.41	3,258
100,000	0.10	07-Mar-19	1.18	2,126
625,000	0.10	07-Sept-18	0.68	15,152
1,100,000	0.10	05-June-19	1.43	19,991
1,354,000	0.10	05-Dec-18	0.93	28,510
2,030,000	0.10	26-June-19	1.48	39,435
2,625,600	0.10	26-Dec-18	0.99	58,619
930,000	0.10	07-July-19	1.52	18,079
525,000	0.10	07-Jan-19	1.02	11,332
4,240,000	0.10	31-Dec-19	2.00	76,712
7,676,167	0.10	30-June-19	1.50	103,772
24,785,767	0.10		1.08	439,834

(i) During 2017, the expiry date of these warrants was extended by one year.

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.

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

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.

On September 19, 2016, the Company issued 1,300,000 options to officers, directors and consultants of the Company exercisable for a period of five years at an exercise price of $0.05 per option. The options vested immediately on 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 195%; expected dividend yield of 0%; risk-free interest rate of 0.73%; and expected life of 5 years. The options were valued at $62,400. Expected volatility was based on the historical volatility of other comparable listed companies.

On October 5, 2017, the Company issued 2,700,000 options to officers, directors and consultants of the Company exercisable for a period of five years at an exercise price of $0.05 per option. The options vested immediately on 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 147%; expected dividend yield of 0%; risk-free interest rate of 1.75%; and expected life of 5 years. The options were valued at $116,100. Expected volatility was based on the historical volatility of other comparable listed companies.

For the year ended December 31, 2017, stock option expense of $137,494 (2016 - $110,529) 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.

As at December 31, 2017, the weighted average exercise price of options outstanding and options exercisable were as follows:

	December 31, 2017		December 31, 2016	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of year	7,625,000	$ 0.07	4,755,000	$ 0.09
Granted	2,700,000	$ 0.05	2,950,000	$ 0.06
Expired	(950,000)	$ 0.09	(80,000)	$ 0.25
Outstanding – end of year	**9,375,000**	**$ 0.07**	**7,625,000**	**$ 0.07**
Exercisable – end of year	**9,375,000**	**$ 0.07**	**6,975,000**	**$ 0.07**

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

As at December 31, 2017 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)
1,675,000	$ 0.10	19-Jun-18	1,675,000	0.47
1,000,000	0.06	28-May-19	1,000,000	1.41
600,000	0.05	26-Feb-20	600,000	2.16
700,000	0.09	7-Aug-20	700,000	2.60
1,500,000	0.07	28-Apr-21	1,500,000	3.33
1,200,000	0.05	19-Sept-21	1,200,000	3.72
2,700,000	0.05	05-Oct-22	2,700,000	4.76
9,375,000			9,375,000	2.95

The weighted average fair value per option issued during the year ended December 31, 2017 was $0.043 (2016 - $0.042).

9. 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	2017	2016
Numerator:		
Net loss attributable to common shareholders		
- basic and diluted	$ (348,003)	$ (258,006)
Denominator:		
Weighted average common shares outstanding		
- basic	94,841,038	71,501,775
- diluted	94,841,038	71,501,775
Basic and diluted loss per common share	$ (0.00)	$ (0.00)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2017 and 2016 because their impact was anti-dilutive.

(Expressed in Canadian dollars)

10. 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% (2016 – 26.50%) were as follows:

	2017	2016
Loss before income taxes	$ (348,003)	$ (258,006)
Statutory rate applied to loss for the year before income taxes	$ (92,000)	$ (68,000)
Increase (decrease) in taxes resulting from:		
Non-deductible stock-based compensation	36,000	29,000
Flow-through expenditures	-	4,000
Expenses not deductible for tax purposes	-	(1,000)
Other items	(29,000)	(23,000)
Tax benefits not realized	85,000	59,000
	-	-
Current tax expense	-	-
Deferred income tax recovery	-	-
	$ -	$ -

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:

	2017	2016
Deductible temporary differences		
Non-capital loss carry-forwards	$4,939,000	$ 4,908,000
Exploration and evaluation expenditures	1,981,000	1,764,000
Equipment	8,000	8,000
Share issue costs	88,000	15,000
	$7,016,000	$ 6,695,000

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	$ 156,732
2027	1,098,253
2028	1,400,430
2029	629,929
2030	893,889
2031	644,133
2033	11,482
2034	65,954
2036	7,598
2037	30,398
	$ 4,938,798

11. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures during the years ended December 31, 2017 and 2016.

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, 2017, the Company had a cash and cash equivalent balance of $1,026,984 (2016 – $16,906) to settle current liabilities of $673,483 (2016 - $335,957).

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, 2017 and 2016, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

(Expressed in Canadian dollars)

12. COMMITMENTS AND CONTINGENCIES

(a) See note 6 for additional commitments and contingencies on evaluation and exploration assets.
(b) The Company renounced $1,322,860 of qualifying exploration expenditures to the shareholders effective December 31, 2017. Under the "look back" provision governing flow-through shares, $780,092 of the amount was unspent by the end of 2017 and has to be spent by December 31, 2018.
(c) The Company renounced $15,000 of qualifying exploration expenditures to the shareholders effective December 31, 2016. Under the "look back" provisions governing flow-through shares, $10,000 of this amount was unspent by the end of 2016 and had to be spent by December 31, 2017. 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.

13. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

	2017	2016
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-Monetary Transactions:		
Shares issued for debt settlement	$ 620,042	$ 80,000
Shares issued under option agreements	$ 305,000	$ 122,500
Change in accrued exploration and evaluation assets	$ 16,854	$ 41,577
Warrants issued for broker compensation	$ 30,528	$ -
Share issue costs payable	$ 28,800	$ -

14. GENERAL AND CORPORATE EXPENSES

	2017	2016
Management compensation *(note 7)*	$ 90,000	$ 90,000
Legal and audit	20,682	22,400
Consulting services	47,644	2,000
Rent	-	6,375
Insurance	9,100	9,129
Transfer agent	9,088	6,211
Administrative and general	27,371	14,334
Stock exchange fees	6,625	6,028
	$ 210,509	$ 156,477

15. SUBSEQUENT EVENTS

On January 22, 2018, the Company issued 500,000 common shares in accordance with the Parbec option agreement.

On January 31, 2018, the Company issued 3,840,000 common shares to consultants as part of their service arrangement.

15. SUBSEQUENT EVENTS (continued)

On March 23, 2018 the Company settled debt in the amount of $101,700 associated with services rendered to Renforth by the President and CEO and the CFO over a period covering 6 months and including HST. A total of 2,034,000 shares were issued to discharge this debt in full.

On March 23, 2018, the Company issued 1,036,000 common shares as partial payment to a service provider to conduct an airborne survey over the Company's New Alger project.