

RENFORTH RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(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, 2018 and 2017 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, 2018 and 2017 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, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents (<i>note 5</i>)	\$ 301,994	\$ 1,026,984
Sales tax and refundable tax credits receivable	122,593	110,786
Prepaid expenses and deposits	233,620	46,151
Total current assets	658,207	1,183,921
Non-current assets		
Exploration and evaluation assets (<i>notes 6 and 7</i>)	4,805,026	4,002,121
TOTAL ASSETS	\$ 5,463,233	\$ 5,186,042
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 7</i>)	\$ 145,920	\$ 362,177
Deferred flow through share premium (<i>note 8(b)</i>)	-	434,203
Total liabilities	145,920	796,380
Equity		
Share capital (<i>note 8 (b)</i>)	14,721,797	14,181,424
Shares to be issued (<i>note 8(b)</i>)	-	13,980
Warrant reserve (<i>note 8 (c)</i>)	555,927	439,834
Contributed surplus	2,339,944	2,051,630
Accumulated deficit	(12,300,355)	(12,297,206)
Total equity	5,317,313	4,512,559
TOTAL LIABILITIES AND EQUITY	\$ 5,463,233	\$ 5,186,042

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:

"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, 2018 and 2017

(Expressed in Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Expenses				
General and corporate (<i>notes 7 and 14</i>)	\$ 98,990	\$ 38,076	\$ 196,552	\$ 77,627
Share based payments (<i>note 8(d)</i>)	271,500	-	271,500	15,600
Loss before other items	\$ (370,490)	\$ (38,076)	\$ (468,052)	\$ (93,227)
Other items				
Gain on settlement of debt (<i>note 7</i>)	-	-	30,700	-
Other income	-	-	434,203	-
Net loss and comprehensive loss for the period	\$ (370,490)	\$ (38,076)	\$ (3,149)	\$ (93,227)
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 six months ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

	2018	2017
Cash flow from operating activities		
Net loss for the period	\$ (3,149)	\$ (93,227)
Items not affecting cash:		
Share based payments	271,500	15,600
Shares issued for services	192,000	
Gain on settlement of debt	(30,700)	-
Other income	(434,203)	-
	(4,552)	(77,627)
Changes in non-cash working capital:		
Sales tax and refundable tax credits receivable	(11,807)	10,439
Accounts payable and accrued liabilities	(159,557)	2,665
Prepaid expenses and deposits	(187,469)	-
Total cash flows from operating activities	(363,385)	(64,523)
Cash flow from investing activities		
Additions to exploration and evaluation assets	(679,105)	(93,846)
Total cash flows from investing activities	(679,105)	(93,846)
Cash flow from financing activities		
Issue of common shares	184,593	317,914
Issue of warrants	-	261,086
Cost of issuing shares and warrants	132,907	(34,829)
Proceeds from exercise of stock options	-	5,000
Proceeds received in advance of closing private placement	-	7,100
Total cash flows from financing activities	317,500	556,271
Increase (decrease) in cash and cash equivalents	(724,990)	397,902
Cash and cash equivalents, beginning of period	1,026,984	16,906
Cash and cash equivalents, end of period (note 5)	\$ 301,994	\$ 414,808

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

RENFORTH RESOURCES INC.

Condensed Interim Statements of Changes in Equity

For the six months ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

	Share capital		Shares to be issued	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2016	75,451,172	12,433,562	-	1,837,042	143,201	(11,949,203)	2,464,602
Share based payments	-	-	-	15,600	-	-	15,600
Shares issued on property purchase agreement	4,250,000	217,500	-	-	-	-	217,500
Shares issued under private placement	11,580,000	579,000	-	-	-	-	579,000
Valuation of warrants issued under private placement	-	(261,086)	-	-	261,086	-	-
Share issue costs	-	(27,512)	-	-	(7,318)	-	(34,830)
Shares issued to settle debt	6,363,200	324,162	-	-	-	-	324,162
Shares issued from exercise of stock options	100,000	5,000	-	-	-	-	5,000
Proceeds received in advance of closing private placement	-	-	7,100	-	-	-	7,100
Expiry of warrants	-	-	-	57,036	(57,036)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	(93,227)	(93,227)
Balance, June 30, 2017	97,744,372	13,270,626	7,100	1,909,678	339,933	(12,042,430)	3,484,907
Balance, December 31, 2017	124,504,163	14,181,424	13,980	2,051,630	439,834	(12,297,206)	4,389,662
Shares for services	4,876,000	233,440	-	-	-	-	233,440
Shares issued on property purchase agreement	540,000	27,000	-	-	-	-	27,000
Shares issued under private placement	6,613,000	331,480	(13,980)	-	-	-	317,500
Valuation of warrants	-	(132,907)	-	-	132,907	-	-
Shares issued to settle debt	2,034,000	81,360	-	-	-	-	81,360
Expiry of warrants issued under private placement	-	-	-	16,814	(16,814)	-	-
Share based payments	-	-	-	271,500	-	-	271,500
Net income and comprehensive income for the period	-	-	-	-	-	(3,149)	(3,149)
Balance, June 30, 2018	138,567,163	14,721,797	-	2,339,944	555,927	(12,300,355)	5,317,313

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

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(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 200, Toronto, Ontario M5E 1B5.

These financial statements were approved by the board on August 23, 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 \$3,149 for the six months ended June 30, 2018 (six months ended June 30, 2017 – loss of (\$93,227)) and has an accumulated deficit of \$12,300,355 (December 31, 2017 - \$12,297,206) and a working capital surplus of \$512,287 (December 31, 2017 –\$387,541).

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

Basis of presentation

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, 2017.

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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

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

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

- Income, 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)

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(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, 2017 annual financial statements, except for the adoption of new standards and interpretations as of January 1, 2018.

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 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 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.

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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(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 three and six months ended June 30, 2018 and the year ended December 31, 2017.

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

5. CASH AND CASH EQUIVALENTS

	As at June 30, 2018	As at December 31, 2017
Cash in bank	\$ 301,994	\$ 1,026,984

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		Malartic West		Denain	Total				
Acquisition costs												
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
Additions				-		150,000		5,200		(39,000)		116,200
June 30, 2018	\$	894,285	\$	130,000	\$	415,000	\$	119,406	\$	261,000	\$	1,819,691
Exploration												
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
Exploration and other geological		127,250		-		559,455						686,705
June 30, 2018	\$	1,630,143	\$	25,999	\$	1,071,568	\$	29,145	\$	228,480	\$	2,985,335
Carrying amounts												
December 31, 2017		2,397,178		155,999		777,113		143,351		528,480		4,002,121
June 30, 2018	\$	2,524,428	\$	155,999	\$	1,486,568	\$	148,551	\$	489,480	\$	4,805,026

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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

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. 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.

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 (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 one¹, \$500,000 by the end of year two¹, \$1,150,000 by the end of year three¹, 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 (issued), 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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

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.

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.

In May 2018, Renforth granted Chalice Gold Mines Limited ("Chalice") and earn-in option. In order to earn an 80% interest in the Denain-Pershing Property, over a 3-year period, Chalice will make payments to Renforth totaling \$200,000 (\$50,000 of which was paid on entering in to the agreement) and spend \$1,250,000 in work on the property. Once Chalice has earned their interest an 80/20 joint venture will be formed between Chalice and Renforth.

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, 2018 and June 30, 2017:

	2018	2017
Salary or other short-term benefits	\$ 90,000	\$ 90,000

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(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 six months ended June 30, 2018, the Company was charged \$508,018 (2017 - \$15,504) in exploration related expenditures, and \$60,000 (2017 - \$60,000) in management fees for the CEO, of which \$45,000 (2017 - \$45,000) was capitalized and recorded in exploration and evaluation assets and \$15,000 (2017 - \$15,000) was charged to general and corporate expense on the statement of loss. On March 23, 2018, the Company settled debt with Billiken in the amount of \$67,800 by the issuance of 1,356,000 common shares. The shares had a market value of \$54,240, and therefore resulted in a gain on settlement of \$13,560.

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 June 30, 2018 \$30,000 (December 31, 2017 - \$246,280) was owed to Billiken. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

During the six months ended June 30, 2018, the Company was charged \$30,000 (2017 - \$30,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at June 30, 2018, \$33,900 (December 31, 2017 - \$33,900) is owing to this corporation and included in accounts payable. This amount is unsecured, non-interest bearing with no fixed terms of repayment. On March 23, 2018, the Company settled debt with the CFO in the amount of \$33,900 by the issuance of 678,000 common shares. The shares had a market value of \$27,120, and therefore resulted in a gain on settlement of \$6,780. 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 8.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(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, 2016	75,451,172	\$ 12,433,562
Shares issued to settle debt (i)	5,763,000	288,150
Shares issued under private placement (ii)	1,350,000	67,500
Valuation of warrants (ii)	-	(17,278)
Shares issued on acquisition of Denain property (note iii)	3,750,000	187,500
Shares issued to settle debt (iv)	600,200	36,012
Shares issued on exercise of options (v)	100,000	5,000
Shares issued in accordance with Parbec option agreement (note 6)	500,000	30,000
Shares issued under private placement (vi)	3,520,000	176,000
Valuation of warrants (vi)	-	(50,946)
Cost of issue (vi)	-	(16,605)
Shares issued under private placement (vii)	6,710,000	335,500
Valuation of warrants (vii)	-	(96,488)
Cost of issue (vii)	-	(17,346)
Shares issued under private placement (viii)	1,980,000	99,000
Valuation of warrants (viii)	-	(31,580)
Cost of issue (viii)	-	(4,631)
Shares issued to settle debt (ix)	1,452,857	101,700
Shares issued on acquisition of Pershing property (note 6)	1,250,000	87,500
Shares issued for services (x)	3,883,600	194,180
Shares issued under private placement (xi)	18,456,333	1,051,000
Valuation of warrants (xi)	-	(184,139)
Cost of issue (xi)	-	(57,964)
Flow through share premium	-	(434,203)
Balance, December 31, 2017	124,504,163	\$ 14,181,424
Shares issued under private placement (xi)	264,000	13,980
Shares issued in accordance with Parbec option agreement (note 6)	500,000	25,000
Shares issued for services (xii)	4,876,000	233,400
Shares issued on settlement of debt (xiii)	2,034,000	81,360
Shares issued under private placement (xiv)	6,350,000	317,500
Valuation of warrants (xiv)	-	(132,907)
Shares issued for property acquisition	40,000	2,000
Balance June 30, 2018	138,567,163	14,721,797

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

- (i) 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.
- (ii) 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.
- (iii) 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).
- (iv) 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.
- (v) On May 15, 2017, the Company issued 100,000 common shares for the exercise of stock options at \$0.05 per share.
- (vi) 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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

(vii) 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.

(viii) 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.

(ix) 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.

(x) 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.

(xi) 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 were yet been issued and were classified as shares to be issued. These shares were issued in January 2018.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

- (xii) On January 31, 2018, the Company issued 3,840,000 to consultants as part of their service arrangement. On March 23, 2018, the Company issued 1,036,000 common shares as partial payment to a service provider to conduct and airborne survey over the Company's New Alger project.
- (xiii) 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. The shares had a fair market value on the date of issuance of \$81,360.
- (xiv) On May 30, 2018 the Company closed a private placement with proceeds of \$317,500 raised through the issuance of the issuance of 6,350,000 units ("Unit") at \$0.05 per Unit. Each Unit consists of one common share of the Company and one common share purchase warrant ("Warrant"). Each Warrant is exercisable for 24 months for one common share at \$0.10. The common warrants on this tranche were assigned a value of \$132,907, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.92%; expected volatility of 182%; expected dividend yield of 0% and an expected life of 2 years

c) Share purchase warrants

The following summarizes the activity for the six months ended June 30, 2018 and the year ended December 31, 2017:

	Warrants outstanding	Value
Balance at December 31, 2016	7,100,000	143,201
Issued	21,205,767	373,727
Expired	(3,570,000)	(77,094)
Balance at December 31, 2017	24,785,767	439,834
Granted	6,350,000	132,907
Expired	(720,000)	(16,814)
Balance at June 30, 2018	30,415,767	555,927

Summary of warrants outstanding as at June 30, 2018:

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	0.41	24,206
260,000	0.10	4-Jul-18	0.01	5,642
520,000	0.10	19-Sep-18	0.21	11,556
80,000	0.10	30-Nov-18	0.42	2,095
100,000	0.10	07-Mar-19	0.68	2,126
625,000	0.10	07-Sept-18	0.18	15,152
1,100,000	0.10	05-June-19	0.93	19,991
1,354,000	0.10	05-Dec-18	0.43	28,510
2,030,000	0.10	26-June-19	0.98	39,435
2,625,600	0.10	26-Dec-18	0.51	58,619
930,000	0.10	07-July-19	1.02	18,079
525,000	0.10	07-Jan-19	0.52	11,332
4,240,000	0.10	31-Dec-19	1.50	76,712
7,676,167	0.10	30-June-19	1.00	103,772
6,350,000	0.10	30-May-20	1.92	132,907
30,415,767	0.10		1.07	555,927

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

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 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.

On February 5, 2018, the Company issued 2,350,000 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 280%; expected dividend yield of 0%; risk-free interest rate of 1.75%; and expected life of 5 years. The options were valued at \$94,000.

On May 30, 2018, the Company issued 3,550,000 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 272%; expected dividend yield of 0%; risk-free interest rate of 1.75%; and expected life of 5 years. The options were valued at \$177,500.

For the three and six months ended June 30, 2018, stock option expense of \$271,500 (six months ended June 30, 2017 - \$15,600) 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 June 30, 2018, the weighted average exercise price of options outstanding and options exercisable were as follows:

	June 30, 2018		December 31, 2017	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
Outstanding – beginning of period	9,375,000	\$ 0.07	7,625,000	\$ 0.07
Granted	5,900,000	0.05	2,700,000	\$ 0.05
Expired	1,675,000	0.10	(950,000)	\$ 0.09
Outstanding – end of period	13,600,000	\$ 0.06	9,375,000	\$ 0.07
Exercisable – end of period	13,600,000	\$ 0.06	9,375,000	\$ 0.07

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

As at June 30, 2018 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)
1,000,000	0.06	28-May-19	1,000,000	0.91
600,000	0.05	26-Feb-20	600,000	1.66
700,000	0.09	7-Aug-20	700,000	2.10
1,500,000	0.07	28-Apr-21	1,500,000	2.83
1,200,000	0.05	19-Sept-21	1,200,000	3.22
2,700,000	0.05	05-Oct-22	2,700,000	4.27
2,350,000	0.05	05-Feb-23	2,350,000	4.61
3,550,000	0.05	30-May-23	3,550,000	4.92
13,600,000			9,375,000	3.77

The weighted average fair value per option issued during the three and six months ended June 30, 2018 was \$0.046 (2017 - \$0.043).

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,		Three months ended March 31,	
	2018	2017	2018	2017
Numerator:				
Net loss attributable to common shareholders				
- basic and diluted	\$ (370,490)	\$ (38,076)	\$ (3,149)	\$ (93,227)
Denominator:				
Weighted average common shares outstanding				
- basic	134,366,283	88,182,845	131,133,316	84,846,827
- fully diluted	178,382,049	107,218,445	175,149,082	103,882,427
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 2017 because their impact was anti-dilutive.

11. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures during the three and six months ended June 30, 2018 and 2017.

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.

RENFORTH RESOURCES INC.

Notes to Financial Statements

June 30, 2018

(Expressed in Canadian dollars)

11. FINANCIAL RISK FACTORS (continued)

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, 2018, the Company had a cash and cash equivalent balance of \$301,994 (December 31, 2017 – \$1,026,984) to settle current liabilities of \$145,921 (December 31, 2017 - \$796,380).

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, 2018 and December 31, 2017, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

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'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

	2018	2017
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Monetary Transactions:		
Shares issued for debt settlement	\$ 81,360	\$ 324,162
Shares issued under property agreements	\$ 27,000	\$ 217,500
Shares issued for services	\$ 233,440	\$ -

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

June 30, 2018

(Expressed in Canadian dollars)

14. GENERAL AND CORPORATE EXPENSES

	Three months ended June 30,		Nine months ended June 30,	
	2018	2017	2018	2017
Management compensation	\$ 22,500	\$ 22,500	\$ 45,000	\$ 45,000
Legal and audit	10,000	1,722	10,000	8,882
Consulting services	53,288	-	116,638	-
Insurance	2,135	2,128	4,292	4,285
Transfer agent	1,308	849	2,244	4,608
Administrative and general	5,664	9,377	12,333	11,852
Regulatory	4,095	1,500	6,045	3,000
	\$ 98,990	\$ 38,076	\$ 196,552	\$ 77,627