

RENFORTH RESOURCES INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

(Expressed in Canadian Dollars)

NOTICE TO SHAREHOLDERS

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three months ended March 31, 2020 and 2019 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 months ended March 31, 2020 and 2019 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 March 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash (note 5)	\$ 248,474	\$ 885,758
Sales tax and refundable tax credits receivable	67,287	120,069
Prepaid expenses and deposits	104,955	91,386
Total current assets	420,716	1,097,213
Non-current assets		
Tax credits receivable (note 6)	98,000	98,000
Exploration and evaluation assets (notes 7 and 8)	7,597,450	7,137,432
TOTAL ASSETS	\$ 8,116,166	\$ 8,332,645
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 219,442	\$ 305,361
Deferred flow through share premium (note 9(b))	-	270,986
Total liabilities	219,442	576,347
Equity		
Share capital (note 9 (b))	16,843,160	16,843,160
Warrant reserve (note 9 (c))	815,891	979,970
Contributed surplus	3,101,229	2,937,150
Accumulated deficit	(12,863,556)	(13,003,982)
Total equity	7,896,724	7,756,298
TOTAL LIABILITIES AND EQUITY	\$ 8,116,166	\$ 8,332,645

Going concern (note 1)**Commitments and contingencies (notes 7 and 12)****Subsequent events (note 16)***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 Income (Loss) and Comprehensive Income (Loss) (unaudited)**

For the three months ended March 31, 2020 and March 31, 2019

(Expressed in Canadian dollars)

	2020	2019
Expenses		
General and corporate (<i>notes 8 and 14</i>)	\$ 130,559	\$ 51,411
Share based payments (<i>notes 8 and 9(d)</i>)	-	65,250
Loss before other items	\$ (130,559)	\$ (116,661)
Other items		
Flow through share premium	270,985	9,606
Net income (loss) and comprehensive loss for the period	\$ 140,426	\$ (107,055)
Basic and diluted income (loss) per share (<i>note 10</i>)	\$ 0.00	\$ (0.00)

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

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

For the three months ended March 31, 2020 and March 31, 2019

(Expressed in Canadian dollars)

	2020	2019
Cash flow from operating activities		
Net income (loss) for the period	\$ 140,426	\$ (107,055)
Items not affecting cash:		
Share based payments	-	65,250
Other income	(270,986)	(9,606)
	(130,560)	(51,411)
Changes in non-cash working capital:		
Sales tax and refundable tax credits receivable	52,782	66,858
Accounts payable and accrued liabilities	(85,919)	(10,010)
Prepaid expenses and deposits	(13,569)	(5,772)
Total cash flows (used in) from operating activities	(177,266)	(335)
Cash flow from investing activities		
Additions to exploration and evaluation assets	(460,018)	(591,250)
Total cash flows (used in) investing activities	(460,018)	(591,250)
Cash flow from financing activities		
Issue of common shares	-	10,000
Total cash flows from financing activities	-	10,000
Decrease in cash	(637,284)	(581,585)
Cash, beginning of period	885,758	647,536
Cash, end of period (note 5)	\$ 248,474	\$ 65,951

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

RENFORTH RESOURCES INC.

Condensed Interim Statements of Changes in Equity (unaudited)

For the three months ended March 31, 2020 and March 31, 2019

(Expressed in Canadian dollars)

	Share capital	Share capital	Shares to be Issued	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$	\$
Balance, December 31, 2018	160,876,163	15,394,246	50,000	2,566,614	755,641	(12,524,269)	6,242,232
Share based payments	-	-	-	65,250	-	-	-
Shares issued on property purchase agreement	7,500,000	273,750	(50,000)	-	-	-	223,750
Shares issued under private placement	-	-	10,000	-	-	-	10,000
Expiry of warrants	-	-	-	13,456	(13,456)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	-	(107,055)	(107,055)
Balance, March 31, 2019	168,376,163	15,667,996	10,000	2,645,320	742,185	(12,631,324)	6,434,177
Balance, December 31, 2019	205,771,167	16,843,160	-	2,937,150	979,970	(13,003,982)	7,756,298
Expiry of warrants	-	-	-	164,079	(164,079)	-	-
Net income and comprehensive income for the period	-	-	-	-	-	140,426	140,426
Balance, March 31, 2020	205,771,167	16,843,160	-	3,101,229	815,891	(12,863,556)	7,896,724

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

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(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 1099 Kingston Road, unit 269, Pickering, Ontario.

These financial statements were approved by the board on May 29, 2020.

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

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

Going concern assumption

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

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 income of \$140,426 for the three months ended March 31, 2020 (three months ended March 31, 2019 – loss of \$107,055) and has an accumulated deficit of \$12,863,556 (December 31, 2019 - \$13,003,982) and a working capital surplus of \$201,271 (December 31, 2019 –\$520,866) as at March 31, 2020.

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.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(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, 2019.

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

Functional currency

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

Critical judgments and estimation uncertainties

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

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

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

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

- **Capitalization of exploration and evaluation costs**

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

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(Expressed in Canadian dollars)

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

- Impairment of exploration and evaluation assets

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

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

- Income, value added, withholding and other taxes

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

- Share-based payments

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

- Valuation of the refundable mining duties credit and the refundable tax credit for resources

The refundable mining duties credit and the refundable tax credit for resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including the mining duties credit and the tax credit for resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Company's mining duties credit and tax credit for resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until a notice of assessments and payments has been received from the relevant taxation authority. Differences arising between the actual results following the final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to the mining duties credit and tax credit for resources, the exploration and evaluation assets, and the income tax expense in future periods.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(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, 2019 annual financial statements, except for the adoption of new standards and interpretations as of January 1, 2020.

Recent accounting pronouncements

On January 1, 2020 the Company has adopted the amendments of IAS 1, Presentation of Financial Statements, which incorporates a new definition of "material" and IAS 8 which refers to this new definition in IAS1. Adoption of these amendments to IAS 1 and IAS 8 has no impact on the Company's financial statements.

Future changes in accounting policies

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. CAPITAL MANAGEMENT

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

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2020 and the year ended December 31, 2019.

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

5. CASH

	As at March 31, 2020	As at December 31, 2019
Cash in bank	\$ 248,474	\$ 885,758

Cash earns 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 approximates the values disclosed in this note.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(Expressed in Canadian dollars)

6. TAX CREDITS RECEIVABLE

The Company has recorded Quebec tax credits receivable in the amount of \$98,000 as at March 31, 2020 (December 31, 2019 - \$98,000). These tax credits are currently under audit by Revenu Quebec. As a result of the delay in receipt of these amounts, the balance was reclassified to long-term assets as at December 31, 2019. The Company is unable to predict the outcome of the ongoing audits or the timing of receipt of any refunds from Revenu Quebec.

7. EXPLORATION AND EVALUATION ASSETS

	New Alger	Parbec	Nixon Bartelman	Malartic West	Denain	Total
Acquisition costs						
December 31, 2018	\$ 804,285	\$ 515,000	\$ 130,000	\$ 119,406	\$ 261,000	\$1,829,691
Option and acquisition payment	-	423,750	-	-	-	423,750
Option payment received	-	-	-	-	(50,000)	(50,000)
Purchase of NSR	-	-	-	-	-	-
Additions	-	-	-	-	-	-
December 31, 2019	804,285	938,750	130,000	119,406	211,000	2,203,441
Option and acquisition payment	-	-	-	-	-	-
Option payment received	-	-	-	-	-	-
March 31, 2020	\$ 804,285	\$ 938,750	\$ 130,000	\$ 119,406	\$ 211,000	\$2,203,441
Exploration						
December 31, 2018	\$ 1,609,349	\$ 1,669,495	\$ 25,999	\$ 29,145	\$ 228,480	\$3,562,468
Exploration and other geological	568,265	793,688	3,671	5,899	-	1,371,523
December 31, 2019	2,177,614	2,463,183	29,670	35,044	228,480	4,933,991
Exploration and other geological	458,631	1,386	-	-	-	460,016
March 31, 2020	\$ 2,636,245	\$ 2,464,569	\$ 29,670	\$ 35,044	\$ 228,480	\$5,394,008
Carrying amounts						
December 31, 2019	2,981,899	3,401,933	159,670	154,450	439,480	7,137,432
March 31, 2020	\$ 3,440,530	\$ 3,403,319	\$ 159,670	\$ 154,450	\$ 439,480	\$7,597,449

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 would retain an additional 1% NSR. The Purchase Agreement supersedes previous agreements.

In November, 2018, Renforth purchased Cadillac's 1% NSR on New Alger for consideration of \$50,000 and 2 million shares of Renforth. The shares had a fair value of \$50,000, based on the quoted market price of the Company on their date of issuance.

On November 18, 2018, Renforth sold a 1% NSR on New Alger to a third party for \$190,000.

On February 18, 2014, the Company acquired the option to acquire certain properties on the western boundary of Renforth's New Alger project.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Nixon Bartleman Property

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

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

Parbec Gold Project

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

- 1) over 4 years make cash payments totaling \$550,000 (\$25,000 within 6 months of signing (paid), \$50,000 within 12 months (paid), \$25,000 within 18 months (paid), \$125,000 within 24 months (paid), \$125,000 within 36 months (paid), and \$200,000 (paid) within 48 months);
- 2) over 4 years incur \$4,000,000 in work costs on the property (\$350,000 in year one, \$500,000 by the end of year two, \$1,150,000 by the end of year three, and \$2,000,000 by the end of year four);
- 3) over 4 years issue a total of 2,000,000 shares to Globex (250,000 on signing (issued), 500,000 before the end of year one (issued), 500,000 before the end of year two (issued), 500,000 before the end of year three (issued), 250,000 before the end of year four (issued)). The fair value of the shares issued was estimated based on the quoted market price of the shares on the date of issuance.
- 4) Globex retains a gross metal royalty on the property of between 1% and 2% (percentage calculated in relationship to the prevailing price of gold at the time of delivery).

On November 13, 2018, the Company signed an amendment to the Parbec agreement whereby the \$4,000,000 in exploration work requirement on the property be extended from January 29, 2019 to January 29, 2020 for the following consideration:

- 1) Renforth shall issue Globex 2,500,000 (issued) common shares on signing the agreement; The fair value of the shares issued was estimated based on the quoted market price of the shares on the date of issuance;
- 2) Renforth shall issue Globex an additional 2,500,000 common shares by January 29, 2020. These have been presented as shares to be issued on the statement of financial position at December 31, 2018. The fair value of the shares to be issued was estimated at \$50,000 based on the quoted market-price of the shares on the date of the amendment to the agreement;
- 3) Renforth shall register a 1% NSR in Globex's favour against the Company's New Alger project.

In March 2019, Renforth acquired 100% ownership interest in the Parbec Gold Project for the following consideration:

- An additional 1% Gross Metal Royalty on the Parbec Project,
- 5,000,000 shares from Treasury (issued March 27, 2019 along with the 2,500,000 for the original extension agreement (above). Should Renforth consolidate its shares in the next 4 years Globex will receive an additional 1,500,000 shares post-consolidation,
- Upon the commencement of commercial mining at Parbec a one-time payment shall be made to Globex of \$1,000,000, adjusted for inflation and subject to the deduction of any advance royalty payments made (a \$50,000 annual advance royalty payment commencing in 2023). In consideration of these payments Globex shall grant to Renforth a one-time right of first refusal on the sale of all or any part of Globex's GMR.

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(Expressed in Canadian dollars)

7. 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. The fair value of the shares issued was estimated based on the quoted market price of the shares on the date of issuance

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 for a 100% interest in 101 claims and an 80% interest in 44 of the claims where the arm's-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. 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% Gross Metal Royalty on 3 of the claims.

In May 2018, Renforth granted Chalice Gold Mines Limited ("Chalice") an 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 in 2018 and a second \$50,000 was paid in 2019) and spend \$1,250,000 in work on the property. Once Chalice has earned their interest, a 80/20 joint venture will be formed between Chalice and Renforth.

8. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Compensation of key management personnel

Key management includes members of the board of directors, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the three months ended March 31, 2020 and March 31, 2019:

	2020	2019
Salary or other short-term benefits	\$ 45,000	\$ 45,000
Share based payments issued	-	51,750
	\$ 45,000	\$ 96,750

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

March 31, 2020

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Other related party balances and transactions

The Company engages Minroc Management Limited (“Minroc”), a geological consulting company, to manage the Company’s exploration programs. The Company’s CEO, Nicole Brewster, is a controlling shareholder of Minroc. For the three months ended March 31, 2020, the Company was charged \$410,324 (three months ended March 31, 2019 - \$325,769) in exploration related expenditures, and \$30,000 (three months ended March 31, 2019 - \$30,000) in management fees for the CEO, of which \$22,500 (three months ended March 31, 2019 - \$22,500) was capitalized and recorded in exploration and evaluation assets and \$7,500 (three months ended March 31, 2019 - \$7,500) was charged to general and corporate expense on the statement of loss. The Company also rents office space from Minroc and was charged \$2,700 (three months ended March 31, 2019 - \$nil).

On June 10, 2019, the Company settled debt with Minroc in the amount of \$90,400 by the issuance of 1,808,000 common shares. The shares had a market value of \$82,400, and therefore resulted in a gain on settlement of \$8,000. The gain were recognized in contributed surplus.

During the three months ended March 31, 2020, the Company was charged \$15,000 (three months ended March 31, 2019 - \$15,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at March 31, 2020, \$56,500 (December 31, 2019 - \$39,550) is owing to this corporation and included in accounts payable. This amount is unsecured, non-interest bearing with no fixed terms of repayment. On June 10, 2019, the Company settled debt with CFO in the amount of \$41,200 by the issuance of 904,000 common shares. The shares had a market value of \$40,680, and therefore resulted in a gain on settlement of \$4,000. The gain were recognized in contributed surplus.

9. SHARE CAPITAL

a) Shares authorized

The Company is authorized to issue an unlimited number of preferred and common shares without nominal or par value. No preferred shares have been issued.

b) Common shares issued and outstanding

Details of shares issued and outstanding are as follows:

	Shares	Amount
Balance December 31, 2018	160,876,163	15,394,246
Shares issued for option payment (note 7)	250,000	11,250
Shares issued for amendment of option agreement (note 7)	2,500,000	87,500
Shares issued for property acquisition (note 7)	5,000,000	175,000
Shares issued under private placement (i)	34,433,004	1,939,680
Valuation of warrants (i)	-	(519,444)
Flow through share premium	-	(270,986)
Share issue costs – cash (i)	-	(72,984)
Share issue costs – warrants (i)	-	(23,142)
Shares issued for debt settlement (ii)	2,712,000	122,040
Balance December 31, 2019 and March 31, 2020	205,771,167	\$ 16,843,160

RENFORTH RESOURCES INC.

Notes to Condensed Interim Financial Statements (unaudited)

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(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

- (i) On April 11, 2019 the Company closed a private placement with proceeds of \$187,000 raised through the issuance of the issuance of 2,240,000 common units at \$0.05 per unit and 1,500,000 flow through units at \$0.05 per flow through unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for 24 months for one common share at \$0.10. Each flow through unit consisted of one flow through common share and one-half of a common share purchase warrant. Each whole warrant issued with the flow through units is exercisable for 18 months at \$0.12 per common share. The warrants were assigned a value of \$52,706, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 2.23%; expected volatility of 166%; expected dividend yield of 0% and an expected life of 1.5 - 2 years.

On May 6, 2019 the Company closed a private placement with proceeds of \$58,000 raised through the issuance of the issuance of 760,000 common units at \$0.05 per unit and 400,000 flow through units at \$0.05 per flow through unit (with the unit terms the same as the April 11, 2019 private placement). The warrants were assigned a value of \$19,756, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 2.23%; expected volatility of 166%; expected dividend yield of 0% and an expected life of 1.5 - 2 years.

On September 26, 2019 the Company closed the final tranche of a private placement with proceeds of \$489,000 raised through the issuance of the issuance of 5,680,000 common units at \$0.05 per common unit and 3,416,670 flow through units at \$0.06 per flow through unit. Each common unit consisted of one common share of the Company and one common share purchase warrant. Each warrant is exercisable for 24 months for one common share at \$0.075. Each flow through unit consisted of one flow through common share and one common share purchase warrant. Each warrant issued with the flow through units is exercisable for 24 months at \$0.10 per common share. The warrants were assigned a value of \$139,783, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.62%; expected volatility of 136%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$9,048 and issued 156,000 compensation warrants with a value of \$4,320.

On October 30, 2019 the Company closed a private placement with proceeds of \$404,280 raised through the issuance of the issuance of 1,500,000 common units at \$0.05 per unit and 5,488,000 flow through units at \$0.06 per flow through unit (with the unit terms the same as the September 26, 2019 private placement). The warrants were assigned a value of \$109,014, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.56%; expected volatility of 136%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$25,862 and issued 436,373 compensation warrants with a value of \$10,472.

On November 18, 2019 the Company closed a private placement with proceeds of \$23,700 raised through the issuance of the issuance of 395,000 flow through units at \$0.06 per flow through unit (with the unit terms the same as the September 26, 2019 private placement). The warrants were assigned a value of \$6,771, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.56%; expected volatility of 136%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$1,896 and issued 31,600 compensation warrants with a value of \$632.

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9. SHARE CAPITAL (continued)

On December 13, 2019 the Company closed a private placement with proceeds of \$257,500 raised through the issuance of 150,000 common units at \$0.05 per unit and 4,166,667 flow through units at \$0.06 per flow through unit (with the unit terms the same as the September 26, 2019 private placement). The warrants were assigned a value of \$64,106, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.56%; expected volatility of 136%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$16,000 and issued 266,667 compensation warrants with a value of \$5,333.

On December 30, 2019 the Company closed a private placement with proceeds of \$520,200 raised through the issuance of 400,000 common units at \$0.05 per unit and 8,336,667 flow through units at \$0.06 per flow through unit (with the unit terms the same as the September 26, 2019 private placement). The warrants were assigned a value of \$127,308, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 1.56%; expected volatility of 136%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$40,116 and issued 533,333 compensation warrants with a value of \$10,666.

Expected volatility in the above valuations was based on the historical volatility of the Company. Other cash costs on private placements totaled \$5,034.

- (ii) On June 10, 2019 the Company settled debt in the amount of \$135,600 associated with services rendered to Renforth by the President and CEO and the CFO. A total of 2,712,000 shares were issued to discharge this debt in full. The shares had a fair market value on the date of issuance of \$122,040. See note 8. The difference was accounted for as a gain on settlement and recognized in contributed surplus.

c) Share purchase warrants

The following summarizes the activity during the three months ended March 31, 2020 and the year ended December 31, 2019:

	Warrants outstanding	Value
Balance at December 31, 2018	37,447,167	\$ 755,641
Issued	34,906,977	525,152
Issue costs	-	(7,537)
Expired	(18,271,167)	(293,286)
Balance at December 31, 2019	54,082,977	979,970
Expired	(4,770,000)	(164,079)
Balance at March 31, 2020	49,312,977	\$ 815,891

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9. SHARE CAPITAL (continued)

Summary of warrants outstanding as at March 31, 2020:

Outstanding	Price	Date	Remaining Life	Fair Value
#	\$		years	\$
6,350,000	0.100	30-May-20	0.16	132,907
150,000	0.120	21-May-20	0.13	1,881
1,420,000	0.100	21-Nov-20	0.64	19,551
6,486,000	0.120	30-Jun-20	0.25	143,939
2,240,000	0.100	11-Apr-21	1.03	36,008
750,000	0.120	11-Oct-20	0.53	16,406
760,000	0.100	6-May-21	1.10	15,381
200,000	0.120	6-Nov-20	0.60	4,375
2,650,000	0.100	16-Sep-21	1.46	33,803
4,440,000	0.075	16-Sep-21	1.46	72,288
766,670	0.100	25-Sep-21	1.46	9,780
1,240,000	0.075	25-Sep-21	1.46	21,001
156,000	0.100	25-Sep-21	1.46	4,320
5,924,373	0.100	30-Oct-21	1.58	83,711
1,500,000	0.075	30-Oct-21	1.58	25,658
426,600	0.100	18-Nov-19	1.63	7,403
4,433,334	0.100	13-Dec-21	1.70	61,164
150,000	0.075	13-Dec-21	1.70	2,292
8,870,000	0.100	31-Dec-21	1.75	117,912
400,000	0.075	31-Dec-21	1.75	6,111
49,312,977	0.100		1.16	815,891

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 January 30, 2019, the Company issued 1,450,000 options to officers, directors and management of the Company exercisable for a period of five years at an exercise price of \$0.07 per option. 1,150,000 of the options were granted to officers and directors. 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 234%; expected dividend yield of 0%; risk-free interest rate of 1.75%; and expected life of 5 years. The options were valued at \$65,250.

For the three months ended March 31, 2020, stock option expense of \$nil (three months ended March 31, 2019 - \$65,250) 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.

Expected volatility in the above valuations was based on historical volatility of the Company.

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9. SHARE CAPITAL (continued)

As at March 31, 2020, the weighted average exercise price of options outstanding and options exercisable were as follows:

	March 31, 2020		December 31, 2019	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding – beginning of period	14,050,000	\$ 0.06	13,600,000	\$ 0.06
Granted	(600,000)	0.05	1,450,000	\$ 0.07
Expired	-	-	(1,000,000)	\$ 0.06
Outstanding – end of period	13,450,000	\$ 0.06	14,050,000	\$ 0.06
Exercisable – end of period	13,450,000	\$ 0.06	14,050,000	\$ 0.06

As at March 31, 2020 the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price (\$'s)	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life (years)
700,000	0.09	7-Aug-20	700,000	0.35
1,500,000	0.07	28-Apr-21	1,500,000	1.07
1,200,000	0.05	19-Sept-21	1,200,000	1.47
2,700,000	0.05	05-Oct-22	2,700,000	2.52
2,350,000	0.05	05-Feb-23	2,350,000	2.78
3,550,000	0.05	30-May-23	3,550,000	3.07
1,450,000	0.07	30-Jan-24	1,450,000	3.81
13,450,000			13,450,000	2.52

The weighted average fair value per option issued during the three months ended March 31, 2020 was n/a (2019 - \$0.045).

10. LOSS PER COMMON SHARE

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

For the three months ended March 31,	2020	2019
Numerator:		
Net income (loss) attributable to common shareholders	\$ 140,426	\$ (107,055)
Denominator:		
Weighted average common shares outstanding		
- basic	205,771,167	161,076,163
- diluted	268,534,144	161,076,163
Basic and diluted income (loss) per common share	\$ 0.00	\$ (0.00)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2019 because their impact was anti-dilutive.

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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 months ended March 31, 2020 and 2019.

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 March 31, 2020 the Company had a cash balance of \$248,474 (December 31, 2019 – \$885,758) to settle current liabilities of \$219,442 (December 31, 2019 - \$576,347).

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 measures its cash, amounts receivable and accounts payable and accrued liabilities, at amortized cost.

As at March 31, 2020 and December 31, 2019 the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

12. COMMITMENTS AND CONTINGENCIES

- (a) See note 7 for additional commitments and contingencies on evaluation and exploration assets.
- (b) The Company renounced \$1,403,180 of qualifying exploration expenditures to the shareholders effective December 31, 2019. Under the "look back" provision governing flow-through shares, \$970,662 of the amount was unspent by the end of 2019 and has to be spent by December 31, 2020.
- (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.

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13. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

Three months ended March 31,	2020	2019
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-Monetary Transactions:		
Shares issued under option agreements	\$ -	\$ 273,750

14. GENERAL AND CORPORATE EXPENSES

	Three months ended March 31,	
	2020	2019
Management compensation (<i>note 8</i>)	\$ 22,500	\$ 22,500
Consulting services	87,752	12,390
Insurance	1,439	2,168
Transfer agent	5,302	625
Administrative and general	7,005	11,778
Stock exchange fees	6,561	1,950
	\$ 130,559	\$ 51,411

15. COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

16. SUBSEQUENT EVENST

On May 6, 2020, the Company settled debt with the CEO and CFO for management fees, through the issuance of 3,729,000 common shares at \$0.05 per share, for a total amount of \$186,450.