

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020**

*The following is a discussion and analysis of the activities, results of operations and financial condition of Renforth Resources Inc. (“Renforth” or the “Company”) for three and six months ended June 30, 2020 and the comparable period ended June 30, 2019. The discussion should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2020 and June 30, 2019 and related notes thereto, and the audited annual financial statements for the years ended December 31, 2019 and 2018. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All monetary amounts are reported in Canadian dollars unless otherwise noted. These documents, as well as additional information on the Company, are filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and are available online at [www.sedar.com](http://www.sedar.com).*

The effective date for this report is August 7, 2020.

### **Overview of Operations**

Renforth Resources Inc. is a Toronto-based gold exploration company with interests in established exploration camps in both Quebec and Ontario. In the Cadillac-Malartic Gold Camp the Company holds 100% of the New Alger project, with an inferred resource of 237,000 ounces of gold above a depth of 200 metres contained in 3,505,000 tonnes with a grade of 2.1g/t Au using a cut-off of 0.75 g/t Au (see press release July 17, 2014) as calculated in 2014 by Brian H. Newton P.Geol and Philip Burt P.Geol, which is located on the Cadillac Break outside of Cadillac, Quebec and 100% of the Parbec Gold Project where Renforth has established a resource of 368,105 t Indicated at a grade of 3.47 g/t Au containing 37,224 ounces and 9,659,636 t Inferred at a grade of 2.33 g/t Au representing 656,875 ounces, calculated in 2018. Both resources are currently being re-calculated using an open pit scenario and will be released as completed. Renforth holds the Malartic West Project, contiguous to, and interpreted from geophysics to host, a structural extension of the Canadian Malartic Mine property, in the central portion of the property. In addition to this Malartic West is the site of a copper and high-grade silver discovery which Renforth made in the northern portion of the property. The extreme southern portion of the large property hosts an ~20km long structure which hosts Nickel/Zinc occurrences at each end and is unexplored in the central area. East of Val d’Or Renforth has assembled the gold-bearing Denain-Pershing Project, covering both the eastern little explored termination of the Cadillac Break in to the Grenville front and a gold bearing banded-iron formation on the property, this property has been optioned to a third party. In Ontario, the Company owns 100% of the Nixon-Bartleman project, located on the Porcupine-Destor fault in the West Timmins Mining area, another historic gold occurrence currently stripped and sampled over 500m, with a couple of old shallow pits onsite and a history of past drilling which has not yet defined the gold occurrence.

The New Alger and Parbec Gold Projects represent gold resources offering road access for exploration and development, with deep labour pools and service providers to draw upon for Renforth, and along with the balance of the property portfolio present an opportunity to build shareholder value through basic exploration on prospective ground with historically identified gold occurrences.

### **Projects**

#### **Parbec Gold Property – 100% owned**

In 2019 Renforth commissioned a new technical report in the required Form 43-101F1 for the Parbec property, during the period the resource estimate for this technical report was released. This Mineral Resource Estimate has been calculated by P&E Mining Consultants Inc. of Brampton, Ontario, with an effective date of April 30th, 2020, using only assay data from between 2007 and Renforth’s last work on the property in 2019, excluding all assay results obtained historically, or prior to 2007. Renforth has in its possession all the core from 2007 to date. The technical report will be filed once complete.

PARBEC MINERAL RESOURCE ESTIMATE <sup>(1-6)</sup>					
Area	Classification	Cut-off Au (g/t)	Tonnes (k)	Au (g/t)	Au (koz)
Pit Constrained	Indicated	0.32	1,782	1.77	101.4
	Inferred	0.32	1,997	1.56	100.3
Out-of-Pit	Indicated	1.44	40	2.38	3.1
	Inferred	1.44	1,125	2.13	77.0
Total	Indicated	0.32 + 1.44	1,822	1.78	104.5
	Inferred	0.32 + 1.44	3,122	1.77	177.3

1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

2) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

3) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

4) Historically mined areas were depleted from the Mineral Resource model.

5.) The pit constrained Au cut-off grade of 0.32 g/t Au was derived from US\$1,450/oz Au price, 0.75 US\$/C\$ exchange rate, 95% process recovery, C\$17/t process cost and C\$2/t G&A cost. The constraining pit optimization parameters were C\$2.50/t mineralized mining cost, \$2/t waste mining cost, \$1.50/t overburden mining cost and 50 degree pit slopes.

6.) The out of pit Au cut-off grade of 1.44 g/t Au was derived from US\$1,450/oz Au price, 0.75 US\$/C\$ exchange rate, 95% process recovery, C\$66/t mining cost, C\$17/t process cost and C\$2/t G&A cost. The out of pit Mineral Resource grade blocks were quantified above the 1.44 g/t Au cut-off, below the constraining pit shell and within the constraining mineralized wireframes. Additionally, only groups of blocks that exhibited continuity and reasonable potential stope geometry were included. All orphaned blocks and narrow strings of blocks were excluded. The longhole stoping with backfill method was assumed for the out of pit Mineral Resource Estimate calculation.

During the period Renforth completed an initial beep mat survey over the diorite splay area of the Parbec property, consisting of several lines. This program successfully found additional surface mineralization and demonstrated proof-of-concept for the technology.

Breakdown of expenses for the six months ended June 30, 2020:

	2020
Reporting	\$ 8,115
Management and administration	11,250
Metallic screening	9,165
Other	3,775
	\$ 32,305

#### 2020 outlook on Parbec

Several areas exist to be targeted in future exploration at Parbec (subject to available financing), as follows;

- 1- Continued drilling from surface – while Renforth has now demonstrated that the entire 1.8km strike of the Cadillac break on the Parbec property is gold-bearing there are numerous areas within that strike, and below the existing resource, which present opportunities to drill and, with positive results, increase the resource at Parbec.

- 2- Diorite Splay Zone exploration – Renforth has discovered a splay of the Cadillac break in the NW portion of the property, on the south side of the Cadillac break, presently understood to be gold-bearing in the sediments where the sediments and the diorites intersect. This area requires additional exploration to better define the gold occurrence.
- 3- Renforth will continue to re-evaluate the deposit model for Parbec as new knowledge is gained. The current view is that the deposit is structurally controlled, thought to be a secondary mineralizing event that has emplaced gold across numerous lithologies and may have created subvertical and/or cross cutting vein systems.

**New Alger Gold Project – 100% owned**

Wholly owned by Renforth, the New Alger Gold project hosts a pit-constrained gold resource estimate with an effective date of April 30<sup>th</sup> 2020, publicly disclosed in May 2020, calculated by P&E Mining Consultants Inc. as follows;

<b>NEW ALGER MINERAL RESOURCE ESTIMATE <sup>(1-6)</sup></b>					
<b>Area</b>	<b>Classification</b>	<b>Cut-off Au (g/t)</b>	<b>Tonnes (k)</b>	<b>Au (g/t)</b>	<b>Au (koz)</b>
Pit Constrained	Indicated	0.32	1,016	1.88	61.5
	Inferred	0.32	2,322	1.65	123.3
Out-of-Pit	Indicated	1.44	19	1.81	1.1
	Inferred	1.44	904	2.23	64.7
Total	Indicated	0.32 + 1.44	1,035	1.88	62.6
	Inferred	0.32 + 1.44	3,226	1.81	188.0

- 1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
- 2) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
- 3) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
- 4) Historically mined areas were depleted from the Mineral Resource model.
- 5.) The pit constrained Au cut-off grade of 0.32 g/t Au was derived from US\$1,450/oz Au price, 0.75 US\$/C\$ exchange rate, 95% process recovery, C\$17/t process cost and C\$2/t G&A cost. The constraining pit optimization parameters were C\$2.50/t mineralized mining cost, \$2/t waste mining cost, \$1.50/t overburden mining cost and 50 degree pit slopes.
- 6.) The out of pit Au cut-off grade of 1.44 g/t Au was derived from US\$1,450/oz Au price, 0.75 US\$/C\$ exchange rate, 95% process recovery, C\$66/t mining cost, C\$17/t process cost and C\$2/t G&A cost. The out of pit Mineral Resource grade blocks were quantified above the 1.44 g/t Au cut-off, below the constraining pit shell and within the constraining mineralized wireframes. Additionally, only groups of blocks that exhibited continuity and reasonable potential stope geometry were included. All orphaned blocks and narrow strings of blocks were excluded. The longhole stoping with backfill method was assumed for the out of pit Mineral Resource Estimate calculation.

Upon completion the technical report which accompanies this resource estimate will be filed.

During the period Renforth carried out a varied exploration program at New Alger, consisting of surface mapping with the beep mat with some surface sampling.

#### 2020 work programs

Breakdown of expenses for the six months ended June 30, 2020:

	2020
Reports	\$ 25,320
Field programs	44,945
Drilling	410,325
Management	33,750
Geological consulting	5,000
Metallurgy	12,462
Other	11,706
	<u>\$ 543,508</u>

#### **Nixon Bartleman Property – 100% owned**

Renforth holds 100% of the Nixon-Bartleman project, subject to a 2.5% NSR, consisting of four patents and 24 staked claims over an area of 313Ha, straddling the Porcupine Destor Deformation Zone, in the Porcupine Mining Camp of the West Timmins Mining area, approximately 45 km SW of Timmins, only 10 kms SW of Timmins West Mine, held by Lakeshore Gold, a subsidiary of Pan-American Silver.

This property is known to host five gold bearing quartz veins in a structurally complex environment. An initial exploration program on the property obtained gold values at surface in cut channel samples and extended the strike of the surface mineralization.

The property has seen historic drilling, assay results include up to 40 g/t gold and intersected a gold-bearing porphyry.

This property has seen exploration, including 43 drillholes, in fits and starts, making a comprehensive mapping and sampling program, along with a data compilation, Renforth's first area of focus.

There was no work on the property during the year ended December 31, 2019 or the six months ended June 30, 2020. Future work is dependent on obtaining additional financing.

#### **Denain Gold Project, Val d'Or, Quebec**

In May 2018 an earn-in option was granted to Chalice Gold Mines Limited ("Chalice") of Western Australia on the Denain-Pershing Property. In addition, Chalice participated in Renforth's May 2018 financing transaction in the amount of \$250,000.

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 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.

Chalice has sold their Quebec business, including their rights under the option granted by Renforth, to O3 Mining. O3 has indicated to Renforth that they intend to pursue the rights and obligations of the option agreement.

During the period Covid-19 resulted in the Province of Quebec ceasing exploration activities, consequently O3 declared "force majeure" under the terms of the option agreement. Subsequent to the end of the period force majeure was lifted. The effect of the 50 day force majeure period is the extension of the anniversary date of the agreement into June. O3 has indicated they will be continuing to make payments and incur work costs under the terms of the agreement.

## Malartic West

The Property is contiguous to the operating Canadian Malartic Mine and hosts the western extension of the geological units present at the Canadian Malartic Mine.

Malartic West is documented as gold bearing at several locations on surface and in drillholes, however, it is also the site of a copper/high grade silver discovery made by Renforth and traced on surface over ~165m. Results obtained by Renforth at the Beaupre copper discovery included a grab sample high value of 3.59% Cu and 6.62 g/t Ag. This copper showing is a discovery program, with no prior work and little geophysical coverage, strike is open in all directions and the showing has not been drilled.

During the period Renforth staked additional claims in the southern end of Malartic West and commenced a comprehensive initial prospecting and sampling campaign in order to confirm historic data and obtain additional information. The additional claims acquired, along with several of the pre-existing Malartic West claims have been aggregated together, and separated from Malartic West, to form the Surimeau property.

## Results of Operations

	Three month ended June 30		Six month ended June 30	
	2020	2019	2020	2019
<b>Expenses</b>				
General and corporate	\$ 149,998	\$ 119,273	\$ 280,557	\$ 170,684
Share based payments	112,100	-	112,100	65,250
<b>Loss before other items</b>	<b>\$ (262,098)</b>	<b>\$ (119,273)</b>	<b>\$ (392,657)</b>	<b>\$(235,934)</b>
<b>Other items</b>				
Flow through share premium	-	-	270,985	9,606
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (262,098)</b>	<b>\$ (119,273)</b>	<b>\$ (121,672)</b>	<b>\$(226,328)</b>

### Revenues

The exploration properties acquired by the Company are still in the early exploration and development stage. Until sufficient work has been completed to confirm the feasibility of any specific interest being placed into production, it is not anticipated that the Corporation will have any material revenue. No revenues have been reported for the three or six months ended June 30, 2020.

### Other items

Other income – flow through share premium

During 2019 the Company issued flow through shares. For accounting purposes, the proceeds from issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation was made based on the difference between the price of a non-flow through share and the amount the investor paid for the flow-through share. A liability was recognized for this difference. The liability was reduced and the reduction of premium liability was recorded in other income on the date when the Company filed the appropriate renunciation forms with the Canadian taxation authorities.

*General and Corporate* - breakdown for the three and six months ended June 30, 2020:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Management compensation	\$ 22,500	\$ 22,500	\$ 45,000	\$ 45,000
Legal and audit	2,582	11,595	2,582	11,595
Consulting services	102,895	75,300	190,647	87,690
Insurance	1,431	2,816	2,870	4,984
Transfer agent	1,068	1,551	6,370	2,176
Administrative and general	17,272	3,561	24,278	15,339
Listing fees	2,250	1,950	8,811	3,900
	\$ 149,998	\$ 119,273	\$ 280,557	\$ 170,684

Management compensation for the three and six months ended June 30, 2020 is comprised of CEO fees of \$7,500 and \$15,000 (2019 - \$7,500 and \$15,000) and CFO management fees of \$15,000 and \$30,000 (2019 - \$15,000 and \$30,000). For the three and six months ended June 30, 2020, \$22,500 and \$45,000 (2019 - \$22,500 and \$45,000) of fees relating to the CEO was capitalized to the exploration and evaluation assets as they directly related to managing the Company's properties and exploration programs.

Consulting fees includes expenses related to financial communications companies for business development and public and investor relations services. The Company engaged more consultants in this category during the current period compared to the prior period.

Transfer agent increase during the period as the Company held its AGM during Q1 2020 and incurred additional costs related to the meeting.

The increase in stock exchange fees is due to the Company's listing on the Frankfurt stock exchange and the related costs.

*Share based payments* – Includes a total of \$112,1001 (2019 - \$65,250) expensed with respect to the portion of options vesting during the period. The share-based payments expense does not affect the cash resources of the Company. The timing of this expense is subject to the date of issue and vesting terms of the options and warrants. The values of the options and warrants are derived using the Black Scholes option pricing model in which subjective assumptions are used.

### Summary of Quarterly Results

	QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
	2	1	4	3	2	1	4	3
	2020	2020	2019	2019	2019	2019	2018	2018
Revenue	--	--	--	--	--	--	--	--
Net income (loss) and comprehensive income (loss)	\$(262,098)	\$140,426	\$(142,581)	\$(110,804)	\$(119,273)	\$(107,055)	\$(155,446)	\$(68,468)
Income (loss) per common share basic and fully diluted	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The Company's level of activity and expenditures during a specific quarter are influenced by the availability of working capital, the availability of additional external financing, the time required to gather, analyze and report on geological data related to mineral properties, the results of the Company's prior exploration activities on its properties and the amount of expenditure required to advance its projects.

## **Liquidity and Capital Resources**

As at June 30, 2020 the Company's cash decreased to \$541,221 from \$885,758 at December 31, 2019. The Company's working capital was \$575,635 compared to \$520,866 at December 31, 2019. The decrease in cash of \$344,537 for the six months ended June 30, 2020 was attributed to \$530,812 (2019 - \$768,840) spent on exploration projects and \$292,660 (2019 - \$38,763 increase) spent on operating activities. During the period the Company received a \$50,000 property options payment on the Denain project, \$204,935 in Quebec input tax credits and closed a private placement financing for net proceeds of \$224,000.

The Company's 2019 monthly cash burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$15,000. This included various consulting fees for business development and investor relation services which is discretionary and based on available funds. At its current operating level, the Company will not have sufficient funds to cover short-term operational needs. The Company expects to still operate at a loss for at minimum the next 12 months. As such, the Company will need additional financing for costs related to corporate operations and exploration activities. The Company is currently addressing its liquidity concerns by proactively planning future financings through the sale of equity. The Company has been successful in the past at raising necessary funds but the timing and ability to do so will depend on the liquidity of the financial markets, economic conditions, as well as the acceptance of investors to small cap companies. There can be no guarantee that the Company will be able to secure any required financing.

The primary need for liquidity is to fund exploration programs and to maintain general corporate operations. The primary source of liquidity has primarily been private financings.

In 2019, the Company generated approximately \$1,900,000 (2018 - \$1,000,000, 2017 - \$1,600,000) through the sale of common shares. This demonstrated the Company's ability to continue to raise capital. The Company will also consider alternatives to the sale equity including entering into option agreement on its properties or the sale of exploration projects (as done with the Denain project). As noted above, the Company maintains a small monthly burn rate which can be reduced to address short term liquidity concerns. Currently (and for the past several years) management has been settling management fees with common shares.

The Company has no debt and no financial commitments.

The Company has no capital expenditure commitments and has the ability to reduce or increase its exploration program activities and other discretionary costs depending on the level of available funds.

Overall, given working capital at June 30, 2020, the Company will not be able to meet its general operational requirements for 2020, and will require additional capital for exploration programs in 2020 and to funds operations beyond.

At this time, the Company is not anticipating an ongoing profit from operations, therefore it will rely on its ability to obtain equity financing for growth. The ability of the Company to continue operations and carry out further desired exploration activities over the course of the next 12 months is dependent upon obtaining additional financing. The Company will seek to raise additional funding to finance future exploration programs. The timing and ability to do so will depend on the liquidity of the financial markets as well as the acceptance of investors to finance resource based junior companies, in addition to the results of the Company's exploration programs and the acquisition of additional projects. There can be no guarantee that the Company will be able to secure any required financing.

## **Off-Balance Sheet arrangements**

There are no off-balance sheet arrangements as at the date of this MD&A.

## Related Party Transactions

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 and six months ended June 30, 2020 and June 30, 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Salary or other short-term benefits	\$ 45,000	\$ 45,000	\$ 90,000	\$ 90,000
Share based payments issued	66,500	-	66,500	51,750
	\$111,500	\$ 45,000	\$ 156,500	\$ 141,750

### 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 six months ended June 30, 2020, the Company was charged \$450,243 (six months ended June 30, 2019 - \$488,872) in exploration related expenditures, and \$60,000 (six months ended June 30, 2019 - \$60,000) in management fees for the CEO, of which \$45,000 (six months ended June 30, 2019 - \$45,000) was capitalized and recorded in exploration and evaluation assets and \$15,000 (six months ended June 30, 2019 - \$15,000) was charged to general and corporate expense on the statement of loss. The Company also rents office space from Minroc and was charged \$5,400 (six months ended June 30, 2019 - \$nil). On May 6, 2020, the Company settled debt with Billiken in the amount of \$124,300 by the issuance of 2,486,000 common shares. The shares had a market value of \$87,010, and therefore resulted in a gain on settlement of \$37,290. 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 was recognized in contributed surplus. These gains were recognized in contributed surplus. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

During the six months ended June 30, 2020, the Company was charged \$30,000 (six months ended June 30, 2019 - \$30,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at June 30, 2020, \$11,300 (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 May 6, 2020, the Company settled debt with CFO in the amount of \$62,150 by the issuance of 1,243,000 common shares. The shares had a market value of \$43,505, and therefore resulted in a gain on settlement of \$16,500. 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.

## Proposed Transactions

There is no imminent decision by the Board of Directors of the Company with respect to any transaction.

## Critical Accounting Estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:



#### Estimates and assumptions

- the recoverability of amounts receivable and prepayments which are included in the statement of financial position;
- the estimated useful lives of equipment which are included in the statement of financial position and the related depreciation included in the statement of loss and comprehensive loss;
- the estimated value of the exploration and development costs which is recorded in the statement of financial position;
- the inputs used in accounting for share based payment expense in the statement of comprehensive loss;
- management's position that there is no income tax considerations required within these financial statements;
- the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties where applicable.
- Contingencies
- Valuation of the refundable mining duties credit and the refundable tax credits for resources.

#### **Recent accounting pronouncements**

The accounting policies applied in the preparation of the interim 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.

#### Recently-Adopted Accounting Pronouncements and Recent accounting pronouncements

During the six months ended June 30, 2020, the Company adopted new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

#### **Commitments and Contingencies**

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.

- (a) See note 7 (to the unaudited condensed interim financial statements for the three months ended March 31, 2020) 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.

#### **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, 2020.

**Credit risk**

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

**Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had a cash balance of \$541,221 (2019 – \$885,758) to settle current liabilities of \$106,294 (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 June 30, 2020 and December 31, 2019, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

**Subsequent Financings**

On July 28, 2020, Renforth completed a closing of a private placement financing with the issuance of 1,400,000 common share units ("Units"), each unit priced at \$0.05 and consisting of one common share and one warrant to acquire an additional common share at a price of \$0.07 for a period of 24 months, and 2,500,000 flow through share units ("FT Units"), each unit priced at \$0.055 and consisting of one share issued on a "flow-through" basis and one warrant to acquire an additional common share at a price of \$0.075 for a period of 24 months, for a total raised in this closing of \$207,500.

On August 7, 2020, Renforth completed the third and final tranche of the private placement with the issuance of 5,051,500 Units, and 4,491,359 FT Units for a total raised in this closing of \$499,600. A commission totaling \$18,402 in cash and a total of 339,672 broker warrants was paid pursuant to this closing.

**Disclosure of Outstanding Share Data**

The following is for disclosure of information relating to the outstanding securities of the Company:

As at the date of this MD&A the Company had 227,301,208 common shares issued and outstanding.

As at the date of this MD&A the Company had 44,818,156 warrants outstanding.

As at the date of this MD&A the Company had 16,400,000 stock options outstanding.

## **Other Disclosure**

### **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.

### **Risks**

The Corporation's business is subject to a variety of risks and uncertainties. The exploration and development of mineral properties entails significant financial risk. Significant expenditures are required to assess a property and its mineralization.

### **Price Volatility**

Any future earnings will be directly related to the price of precious and base metals. Such prices have fluctuated over time and are affected by numerous factors beyond the control of the Corporation.

### **Mining Risk**

Renforth's mining exploration operations are subject to conditions beyond its control, which can affect the cost of the work for varying lengths of time.

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful. Success in establishing reserves is a result of a number of factors, including the quality of management, the Corporation's level of geological and technical expertise, the quality of land available for exploration and other factors. Once mineralization is discovered, it may take several years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineral reserves through drilling, to determine the optimal metallurgical process to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Because of these uncertainties no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

### **Environment**

Operations, development and exploration projects could potentially be affected by environmental laws and regulations of the country in which the activities are undertaken. The environmental standards continue to change and the global trend is to a longer, more complex process. Although the Corporation continuously reviews environmental matters and undertakes to comply with changes as expeditiously as possible, there is no assurance that existing or future environmental regulation will not materially adversely affect the Corporation's financial condition, liquidity and results of operation.

Certain environmental issues, such as storm events, tailings storage seepage, dust and noise emissions, while having been assessed and strategies based on best practices have been adopted, there can be no assurance an unforeseen event will not occur which could have a material adverse effect on the viability of the Corporation's business and affairs.

### **Government Regulation**

The Corporation's operations are subject to significant regulation and laws which control not only the exploration and mining of mineral properties but also the possible effects of such activities upon the environment. Changes in current legislation or future legislation could result in additional expenses, restrictions and delays.

### **Key Personnel**

The Corporation's future success is dependent in large part upon the continued services of certain key personnel. Failure to retain such personnel or failure to attract qualified management in the future, could adversely affect the Corporation's ability to manage its operations.

**Financing**

Renforth is dependent upon raising financing from third parties in order to continue its operations. There is no guarantee that such financing will be available on commercially suitable terms or at all. Failure to obtain additional financing will materially adversely affect the operations and business of the Corporation.

**Forward-Looking Statements**

*This Management's Discussion and Analysis of Financial Conditions and Results of Operations contains certain forward-looking statements. All statements other than statements of historical fact that address activities, events or developments that the Corporation believes, expects or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "contemplate", "target", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. These statements are based upon certain assumptions and analyses made by management in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. However, whether actual results and developments will conform with management's expectations is subject to a number of risks and uncertainties, including the considerations discussed herein and in other documents filed from time to time by the Corporation with Canadian security regulatory authorities, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by management, competitive actions by other companies, changes in laws or regulations and other factors, many of which are beyond the Corporation's control. These factors may cause the actual results of the Corporation to differ materially from those discussed in the forward-looking statements and there can be no assurance that the actual results or developments anticipated by management will be realized or, even if substantially realized, that they will have the expected results on Renforth Resources Inc. All of the forward-looking statements made herein are qualified by the foregoing cautionary statements.*