

**RENFORTH RESOURCES INC.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2021**

**(Expressed in Canadian Dollars)**

## **NOTICE TO SHAREHOLDERS**

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three months ended March 31, 2021 and 2020 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, 2021 and 2020 nor have they conducted any procedures with respect to the supplementary financial schedules included herein.

**RENFORTH RESOURCES INC.****Unaudited Condensed Interim Statements of Financial Position**

(Expressed in Canadian dollars)

	As at March 31, 2021	As at December 31, 2020
		(note 15)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 1,597,943	\$ 2,634,013
Marketable securities (note 5)	3,840,000	4,080,000
Sales tax and refundable tax credits receivable	297,835	204,426
Prepaid expenses and deposits	35,232	119,940
Total current assets	5,771,010	7,038,379
<b>TOTAL ASSETS</b>	<b>\$ 5,771,010</b>	<b>\$ 7,038,379</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	\$ 251,170	\$ 357,933
Deferred tax liability	196,000	196,000
Deferred flow through share premium (note 8(b))	-	1,740,194
Total liabilities	447,169	2,294,127
<b>Equity</b>		
Share capital (note 8 (b))	19,346,936	19,346,936
Warrant reserve (note 8 (c))	783,412	783,412
Contributed surplus	3,586,177	3,586,177
Accumulated deficit	(18,392,684)	(18,972,273)
Total equity	5,323,841	4,744,252
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 5,771,010</b>	<b>\$ 7,038,379</b>

Going concern (note 1)

Commitments and contingencies (notes 6 and 11)

Subsequent events (note 14)

*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.****Unaudited Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)**

For the three months ended March 31, 2021 and March 31, 2020

(Expressed in Canadian dollars)

	<b>2021</b>	2020
		(note 15)
<b>Expenses</b>		
General and corporate <i>(notes 7 and 13)</i>	\$ 442,165	\$ 130,559
Exploration expenditures <i>(notes 6)</i>	<b>478,440</b>	460,018
<b>Loss before other items</b>	<b>\$ (920,605)</b>	\$ (590,577)
<b>Other items</b>		
Flow through share premium	<b>1,740,194</b>	270,985
Change in fair value of marketable securities <i>(note 5)</i>	<b>(240,000)</b>	-
<b>Net income (loss) and comprehensive income (loss) for the period</b>	<b>\$ 579,589</b>	\$ (319,592)
<b>Basic and diluted loss per share <i>(note 9)</i></b>	<b>\$ 0.00</b>	\$ (0.00)

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

**RENFORTH RESOURCES INC.****Unaudited Condensed Interim Statements of Cash Flows**

For the three months ended March 31, 2021 and March 31, 2020

(Expressed in Canadian dollars)

	<b>2021</b>	2020
		(note 15)
<b>Cash flow from operating activities</b>		
Net income (loss) for the period	\$ 579,589	\$ (319,592)
Items not affecting cash:		
Change in fair value of marketable securities	240,000	-
Flow through share premium	(1,740,194)	(270,986)
	(920,605)	(590,578)
Changes in non-cash working capital:		
Sales tax and refundable tax credits receivable	(93,409)	52,782
Accounts payable and accrued liabilities	(106,764)	(85,919)
Prepaid expenses and deposits	84,708	(13,569)
Total cash flows (used in) operating activities	(1,036,070)	(637,284)
<b>Decrease in cash</b>	(1,036,070)	(637,284)
<b>Cash, beginning of period</b>	2,634,013	885,758
<b>Cash, end of period</b>	\$ 1,597,943	\$ 248,474

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

**RENFORTH RESOURCES INC.****Unaudited Condensed Interim Statements of Changes in Equity**

For the three months ended March 31, 2021 and March 31, 2020

(Expressed in Canadian dollars)

	<b>Share capital</b>	<b>Share capital</b>	<b>Contributed surplus</b>	<b>Warrant reserve</b>	<b>Deficit</b>	<b>Total</b>
	#	\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>	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 loss and comprehensive loss for the period	-	-	-	-	(319,592)	(319,592)
<b>Balance, March 31, 2020</b>	205,771,167	16,843,160	3,101,229	815,891	(20,461,006)	7,436,706
<b>Balance, December 31, 2020</b>	255,296,670	19,346,936	3,586,177	783,412	(18,972,273)	4,744,252
Net income and comprehensive income for the period	-	-	-	-	579,589	579,589
<b>Balance, March 31, 2021</b>	255,296,670	19,346,936	3,586,177	783,412	(18,392,684)	5,323,841

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

## **RENFORTH RESOURCES INC.**

### **Notes to the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

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#### **1. NATURE OF BUSINESS AND GOING CONCERN**

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##### **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 31, 2021.

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. The Company has incurred a net income of \$579,589 for the three months ended March 31, 2021 (three months ended March 31, 2020 – net loss of \$319,592) and has an accumulated deficit of \$18,392,684 (December 31, 2020 - \$18,972,273) and a working capital surplus of \$5,323,841 (December 31, 2020 –\$4,744,252) as at March 31, 2021.

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 the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

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## **2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE**

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### **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, 2020.

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.

- **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.



## **RENFORTH RESOURCES INC.**

### **Notes to the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

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

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- Share-based payments

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

- Contingences (note 11)

- 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.

## **3. SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies applied in the preparation of the unaudited condensed interim financial statements are consistent with those followed in the preparation of the Company's December 31, 2020 annual financial statements, except for those noted below and the adoption of new standards and interpretations as of January 1, 2021.

During the three months ended March 31, 2021, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights and exploration and evaluation costs, are expensed until it has been established that a mineral property is technically feasible and commercially viable. Previously, the Company capitalized these amounts. The comparable reporting periods have been restated to reflect adjustments made as a result of this change in accounting policy.

### **Recent accounting pronouncements**

Various IFRS standards, interpretations, amendments and improvements of existing standards have been recently announced which will apply for future periods. These included IAS 1 and IAS 37. These new standards and changes are not expected to have any material impact on the Company's financial statements.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

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#### 4. CAPITAL MANAGEMENT

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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, 2021.

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

#### 5. MARKETABLE SECURITIES

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During the year ended December 31, 2020, the Company received 12 million class A common shares of Radisson Mining Resources Inc. as part of the sale of the New Alger Project (note 6), with a market value of \$3,840,000 on the date of sale, based on the quoted market price of the shares on the date of the sale. The fair market value of the shares on March 31, 2021 was \$3,840,000 (December 31, 2020 - \$4,080,000) resulting in an unrealized loss of \$240,000 for the three months ended March 31, 2021.

#### 6. EXPLORATION AND EVALUATION ASSETS

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Exploration expenses for the three months ended March 31,	2021	2020	Cumulative
Parbec	\$ 432,070	\$ 1,386	\$ 5,061,877
New Alger	-	458,632	-
Nixon Bartelman	-	-	160,343
Malartic West/Surimeau	46,370	-	337,683
Denain	-	-	389,480
Other	-	-	280,000
	\$ 478,440	\$ 460,018	\$ 6,229,383

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#### New Alger Gold Project

On August 31, 2020, the Company sold its 100% interest in the New Alger project to Radisson Mining Resources Inc. for the following consideration:

- 12 million class A common shares of Radisson issued to Renforth at closing of the transaction;
- \$0.5 million in cash paid at closing of the transaction;
- a \$1.5 million cash contingent payment, payable on the earlier of the announcement of commercial production at New Alger, a sale of New Alger for more than \$40 million or a change of control of Radisson.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

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#### 6. EXPLORATION AND EVALUATION ASSETS (continued)

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##### 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 issued 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 the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

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#### **6. EXPLORATION AND EVALUATION ASSETS (continued)**

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##### **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.

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. In July 2019, the agreement with SOQUEM was terminated.

##### **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, \$50,000 in 2019, and \$50,000 in 2020) 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.

##### **Bousquet**

On November 11, 2020, the Company acquired the Bousquet property (located in the Quebec-Cadillac camp) by the issuance of 4,000,000 common shares. At the date of issuance, the shares had a market value of \$280,000, based on the quoted market price of the Company's shares on the date of issuance.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

#### 7. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Compensation of key management personnel

Key management includes members of the board of directors, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the three months ended March 31, 2021 and March 31, 2020:

	2021	2020
Salary or other short-term benefits	\$ 45,000	\$ 45,000

(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, 2021, the Company was charged \$341,803 (2020 - \$410,324) in exploration related expenditures, and \$30,000 (2020 - \$30,000) in management fees for the CEO, of which \$22,500 (2020 - \$22,500) was recorded as exploration expenditures and \$7,500 (2020 - \$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 \$4,050 for the three months ended March 31, 2021 (2020 - \$2,700). As at March 31, 2021, there was \$110,000 (December 31, 2020 - \$80,000) in accrued management fees due to Minroc. This amount is unsecured, non-interest bearing with no fixed terms of repayment. On May 6, 2020, the Company settled debt with Minroc 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. The gain was recognized in contributed surplus

During the three months ended March 31, 2021, the Company was charged \$15,000 (2020 - \$15,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at March 31, 2020, \$62,150 (December 31, 2020 - \$45,200) was 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 \$18,645. The gain was recognized in contributed surplus.

#### 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
<b>Balance December 31, 2019</b>	<b>205,771,167</b>	<b>\$ 16,843,160</b>
Shares issued for settlement of debt (i)	3,729,000	130,515
Shares issued under private placement (ii)	41,796,503	4,185,050
Valuation of warrants (ii)	-	(292,063)
Flow through share premium	-	(1,740,194)
Share issue costs – cash (ii)	-	(52,760)
Share issue costs – warrants (ii)	-	(6,772)
Shares issued for Bousquet property acquisition (note 6)	4,000,000	280,000
<b>Balance December 31, 2020 and March 31, 2021</b>	<b>255,296,670</b>	<b>\$ 19,346,936</b>

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

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#### 8. SHARE CAPITAL (continued)

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- (i) On May 6, 2020, the Company settled debt in the amount of \$186,450 associated with services rendered to Renforth by the President and CEO and the CFO. A total of 3,729,000 shares were issued to discharge this debt in full. The shares had a fair market value on the date of issuance of \$130,515. See note 7. The difference was accounted for as a gain on settlement and recognized in contributed surplus.
- (ii) On June 30, 2020, the Company closed a private placement with proceeds of \$238,000 raised through the issuance of the issuance of 100,000 common units at \$0.05 per unit and 4,236,372 flow through units at \$0.055 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 \$0.07. 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 \$0.075 per common share. The warrants were assigned a value of \$70,496, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.28%; expected volatility of 130%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$14,000 and issued 254,545 compensation warrants with a value of \$995. Compensation warrants were valued using the same assumptions as the warrants.

On July 23, 2020, the Company closed a private placement with proceeds of \$207,500 raised through the issuance of the issuance of 1,400,000 common units at \$0.05 per unit and 2,500,000 flow through units at \$0.055 per flow through unit. The terms of the financing are the same as those from the June 30, 2020 financing. The warrants were assigned a value of \$63,998, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.28%; expected volatility of 130%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$10,080 and issued 192,000 compensation warrants with a value of \$3,161. Compensation warrants were valued using the same assumptions as the warrants.

On August 11, 2020, the Company closed a private placement with proceeds of \$499,550 raised through the issuance of the issuance of 5,251,500 common units at \$0.05 per unit and 4,308,631 flow through units at \$0.055 per flow through unit. The terms of the financing are the same as those from the June 30, 2020 financing. The warrants were assigned a value of \$157,569, using the Black Scholes option pricing model using the following assumptions: risk free interest rate 0.28%; expected volatility of 130%; expected dividend yield of 0% and an expected life of 2 years. In connection with the offering, the Company paid cash commissions of \$15,893 and issued 349,054 compensation warrants with a value of \$3,161. Compensation warrants were valued using the same assumptions as the warrants.

On October 1, 2020, the Company closed the private placement with Radisson Mining Inc. (see note 6) for proceeds of \$3,240,000 through the issuance of 24,000,000 flow through common shares at a price of \$0.135 per flow through share.

#### c) Share purchase warrants

The following summarizes the activity during the three months ended March 31, 2021 and the year ended December 31, 2020:

	Warrants outstanding	Value
Balance at December 31, 2019	54,082,977	979,970
Issued	18,592,364	286,580
Expired	(20,126,000)	(483,138)
Balance at December 31, 2020 and March 31, 2021	52,549,341	\$ 783,412

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

#### 8. SHARE CAPITAL (continued)

Summary of warrants outstanding as at March 31, 2021:

Outstanding	Grant Date Fair Value	Price	Expiry Date	Weighted average remaining life
#	\$	\$		
2,240,000	36,300	0.1	*11-Apr-21	0.01
760,000	15,381	0.1	6-May-21	0.00
2,650,000	33,803	0.1	16-Sep-21	0.03
4,440,000	75,199	0.075	16-Sep-21	0.06
766,670	9,780	0.1	25-Sep-21	0.01
1,240,000	21,001	0.075	25-Sep-21	0.02
156,000	4,320	0.1	25-Sep-21	0.00
5,924,373	93,828	0.1	30-Oct-21	0.09
1,500,000	25,658	0.075	30-Oct-21	0.02
426,600	7,403	0.1	18-Nov-21	0.01
4,433,334	67,137	0.1	13-Dec-21	0.08
150,000	2,292	0.075	13-Dec-21	0.00
8,870,000	131,863	0.1	31-Dec-21	0.16
400,000	6,111	0.075	31-Dec-21	0.01
100,000	1,700	0.07	30-Jun-22	0.00
4,491,179	69,791	0.075	30-Jun-22	0.12
1,400,000	23,400	0.07	23-Jul-22	0.04
2,692,000	43,759	0.075	23-Jul-22	0.08
5,251,500	87,600	0.07	11-Aug-22	0.16
4,308,631	69,969	0.075	11-Aug-22	0.13
16,000	260	0.07	11-Aug-22	0.00
333,054	5,415	0.075	11-Aug-22	0.01
Issue costs	(48,558)			
52,549,341	783,412	0.09		1.05

#### 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 May 29, 2020, the Company issued 2,950,000 options to officers, directors and management of the Company exercisable for a period of five years at an exercise price of \$0.05 per option. 1,750,000 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 187%; expected dividend yield of 0%; risk-free interest rate of 0.39%; and expected life of 5 years. The options were valued at \$112,100.

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

**RENFORTH RESOURCES INC.****Notes to the Unaudited Condensed Interim Financial Statements**

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**8. SHARE CAPITAL (continued)**

As at March 31, 2021, the weighted average exercise price of options outstanding and options exercisable were as follows:

	March 31, 2021		December 31, 2020	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding – beginning of period	15,700,000	\$ 0.07	14,050,000	\$ 0.06
Granted	-	-	2,950,000	\$ 0.05
Expired	-	-	(1,300,000)	\$ 0.06
<b>Outstanding – end of period</b>	<b>15,700,000</b>	<b>\$ 0.07</b>	<b>15,700,000</b>	<b>\$ 0.07</b>
<b>Exercisable – end of period</b>	<b>15,700,000</b>	<b>\$ 0.07</b>	<b>15,700,000</b>	<b>\$ 0.07</b>

As at March 31, 2021 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)
1,500,000	0.07	28-Apr-21	1,500,000	0.07
1,200,000	0.05	19-Sept-21	1,200,000	0.47
2,700,000	0.05	05-Oct-22	2,700,000	1.51
2,350,000	0.05	05-Feb-23	2,350,000	1.85
3,550,000	0.05	30-May-23	3,550,000	2.16
1,450,000	0.07	30-Jan-24	1,450,000	3.80
2,950,000	0.05	29-May-25	2,950,000	4.16
<b>15,700,000</b>			<b>15,700,000</b>	<b>2.11</b>

**9. INCOME (LOSS) PER COMMON SHARE**

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

<b>For the three months ended March 31,</b>	<b>2021</b>	<b>2020</b>
Numerator:		
Net income (loss) attributable to common shareholders	\$ 579,589	\$ (319,592)
Denominator:		
Weighted average common shares outstanding		
- basic	255,296,670	205,771,167
- diluted	323,546,061	268,534,144
<b>Basic and diluted loss per common share</b>	<b>\$ 0.00</b>	<b>\$ (0.00)</b>

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2020 because their impact was anti-dilutive.



## **RENFORTH RESOURCES INC.**

### **Notes to the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

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#### **10. FINANCIAL RISK FACTORS**

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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, 2021 and 2020.

##### **Credit risk**

The Company's credit risk is primarily attributable to cash. 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, 2021, the Company had a cash balance of \$1,597,943 (December 31, 2020 – \$2,634,013) to settle current liabilities of \$447,169 (December 31, 2020- \$2,294,127).

##### **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. The Company's marketable securities are subject to equity price risk. The values of these investments will fluctuate as a result of changes in market prices, the price of metals or other factors affecting the value of the investments. 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, 2021 and December 31, 2020, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

The fair value of financial assets at FVPL is determined by reference to their quoted closing bid price at the reporting date.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

March 31, 2021

(Expressed in Canadian dollars)

#### 11. COMMITMENTS AND CONTINGENCIES

- (a) See note 6 for additional commitments and contingencies on evaluation and exploration assets.
- (b) The Company renounced \$3,847,550 of qualifying exploration expenditures to the shareholders effective December 31, 2020. Under the “look back” provision governing flow-through shares, \$2,511,655 of the amount was unspent by the end of 2020 and has to be spent by December 31, 2021.
- (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.

#### 12. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

	2020	2019
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

#### 13. GENERAL AND CORPORATE EXPENSES

Three months ended March 31, 2021	2021	2020
Management compensation ( <i>note 7</i> )	\$ 22,500	\$ 22,500
Consulting services	377,816	87,752
Insurance	2,147	1,439
Transfer agent	966	5,302
Administrative and general	9,250	7,005
Stock exchange fees	29,485	6,561
	\$ 442,165	\$ 130,559

#### 14. SUBSEQUENT EVENTS

Subsequent to December 31, 2020, 600,000 stock options, and 3,262,001 warrants were exercised for gross proceeds of \$286,650.

On April 6, 2021, the Company reached an agreement with the CEO and CFO to settle debt (for management service fees) in the total amount of \$165,000 by the issuance of 2,062,500 common shares of the company at a deemed price of eight cents per share.

On April 7, 2021, the Company granted 2,550,000 stock options to officers, directors and consulting with an exercise price of \$0.08, expiring 5 years from the date of grant.

**RENFORTH RESOURCES INC.****Notes to the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

**15. CHANGE IN ACCOUNTING POLICY**

During the three months ended March 31, 2021, the Company changed its accounting policy of capitalizing exploration and evaluation expenditures. The Company believes that expensing such costs as incurred provides more reliable and relevant financial information. Cost of exploration properties, including the cost of acquiring prospective properties and exploration rights and exploration and evaluation costs, are expensed until it has been established that a mineral property is technically feasible and commercially viable. Previously, the Company capitalized these amounts. The financial statements for the comparable periods have been restated to reflect adjustments made as a result of this change in accounting policy.

The following is a reconciliation of the Company's financial statements as at December 31, 2020 and for the three months ended March 31, 2020.

Statements of Financial Position:

	As at December 31, 2020 as previously reported	Adjustments	As at December 31, 2020 as restated
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 2,634,013	\$ -	\$ 2,634,013
Sales and other taxes receivable	204,426	-	204,426
Prepaid expenses and deposits	119,940	-	119,940
Marketable securities	4,080,000	-	4,080,000
	7,038,379	-	7,038,379
<b>Non-current assets</b>			
Exploration and evaluation assets	5,750,943	(5,750,943)	-
	5,750,943	(5,750,943)	-
<b>TOTAL ASSETS</b>	<b>\$ 12,789,322</b>	<b>\$ (5,750,943)</b>	<b>\$ 7,038,379</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 357,933	\$ -	\$ 357,933
Deferred tax liability	196,000	-	196,000
Flow through share premium	1,740,194	-	1,740,194
	2,294,127	-	2,294,127
<b>Capital and Deficit</b>			
Share Capital	\$ 19,346,936	\$ -	\$ 19,346,936
Shares to be issued	-	-	-
Warrants	783,412	-	783,412
Contributed surplus	3,586,177	-	3,586,177
Accumulated deficit	(13,221,330)	(5,750,943)	(18,972,273)
	10,495,195	(5,750,943)	4,744,252
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 12,789,322</b>	<b>\$ (5,750,943)</b>	<b>\$ 7,038,379</b>

**RENFORTH RESOURCES INC.****Notes to the Unaudited Condensed Interim Financial Statements**

March 31, 2021

(Expressed in Canadian dollars)

**15. CHANGE IN ACCOUNTING POLICY**

Statement of Loss and Comprehensive Loss:

	Three months ended March 31, 2020 as previously reported	Adjustments	Three months ended March 31, 2020 as amended
<b>Expenses</b>			
General and corporate	\$ 130,559	\$ -	\$ 130,559
Exploration expenditures	-	460,018	460,018
<b>Loss before other items</b>	(130,559)	(460,018)	(590,577)
<b>Other items</b>			
Flow through share premium	270,985	-	270,985
<b>Net income (loss) and comprehensive income (loss) for the period</b>	\$ 140,426	\$ (460,018)	\$ (319,592)
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)

Statement of Cash Flows:

	Three months ended March 31, 2020 as previously reported	Adjustments	Three months ended March 31, 2020 as amended
<b>Cash flow from operating activities</b>			
Net income (loss) for the period	\$ 140,426	\$ (460,018)	\$ (319,592)
Items not affecting cash:			
Flow through share premium	(270,986)	-	(270,986)
Changes in non-cash working capital:			
Sales tax and refundable tax credits receivable	52,782	-	52,782
Accounts payable and accrued liabilities	(85,919)	-	(85,919)
Prepaid expenses and deposits	(13,569)	-	(13,569)
Total cash flows (used in) operating activities	(177,266)	(460,018)	(637,284)
<b>Cash flow from investing activities</b>			
Additions to exploration and evaluation assets	(460,018)	460,018	-
Total cash flows (used in) investing activities	(460,018)	460,018	-
<b>Decrease in cash</b>	(637,284)	-	(637,284)
<b>Cash, beginning of period</b>	885,758	885,758	885,758
<b>Cash, end of period</b>	\$ 248,474	\$ 885,758	\$ 248,474