

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: RENFORTH RESOURCES INC. (the "Issuer").

Trading Symbol: RFR

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

SEE ATTACHED

#### **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

1. **Related party transactions – SEE NOTE 7 TO THE FINANCIAL STATEMENTS ATTACHED**

2. **Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
04/15/2021	Common shares	Debt settlement	687,500	\$0.08	55,000	services	CFO	n/a
04/15/2021	Common shares	Debt settlement	1,375,000	\$0.08	110,000	services	CEO	n/a
04/28/2021	Common shares	Exercise of options	600,000	\$0.07	42,000	Cash	Not related	n/a
04/28/2021	Common shares	Exercise of options	400,000	\$0.05	20,000	Cash	Not related	n/a
04/15/2021 - 05/10/2021	Common shares	Exercise of warrants	2,702,000	0.075	202,650	Cash	Not related	n/a
04/28/2021 - 06/01/2021	Common shares	Exercise of warrants	892,500	0.070	62,475	Cash	Not related	n/a

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
04/06/2021	500,000	Nicole Brewster, Director		\$0.08	04/06/2026	\$0.08
04/06/2021	500,000	Kyle Appleby, Officer		\$0.08	04/06/2026	\$0.08
04/06/2021	250,000	Judi Wood, Director		\$0.08	04/06/2026	\$0.08
04/06/2021	250,000	John Webster, Director		\$0.08	04/06/2026	\$0.08
04/06/2021	250,000	Wally Rudensky, Director		\$0.08	04/06/2026	\$0.08
04/06/2021	250,000	Kurt Breede, Director		\$0.08	04/06/2026	\$0.08
04/06/2021	250,000	Kellie Leitch, Director		\$0.08	04/06/2026	\$0.08
04/06/2021	100,000	Consultant	Consultant	\$0.08	04/06/2026	\$0.08
04/06/2021	100,000	Consultant	Consultant	\$0.08	04/06/2026	\$0.08
04/06/2021	100,000	Consultant	Consultant	\$0.08	04/06/2026	\$0.08

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

Unlimited common shares

- (b) number and recorded value for shares issued and outstanding,

Shares Authorized	Issued and Outstanding
Common Shares, unlimited number of shares	261,953,670 common shares issued and outstanding; the recorded value for shares issued and outstanding is \$19,940,415

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Outstanding	Grant Date	Price	Expiry Date	Weighted average
#	\$	\$		
2,650,000	33,803	0.10	16-Sep-21	0.01
1,738,000	29,436	0.075	16-Sep-21	0.01
766,670	9,780	0.10	25-Sep-21	0.00
1,240,000	21,001	0.075	25-Sep-21	0.01
156,000	4,320	0.10	25-Sep-21	0.00
5,924,373	93,828	0.10	30-Oct-21	0.04
1,500,000	25,658	0.075	30-Oct-21	0.01
426,600	7,403	0.10	18-Nov-21	0.00
4,433,334	67,137	0.10	13-Dec-21	0.04
150,000	2,292	0.075	13-Dec-21	0.00
8,870,000	131,863	0.10	31-Dec-21	0.10
400,000	6,111	0.075	31-Dec-21	0.00
100,000	1,700	0.07	30-Jun-22	0.00
4,491,179	69,791	0.075	30-Jun-22	0.10
1,400,000	23,400	0.07	23-Jul-22	0.03
2,692,000	43,759	0.075	23-Jul-22	0.06
5,119,500	85,390	0.07	11-Aug-22	0.12
4,308,631	69,969	0.075	11-Aug-22	0.10
16,000	260	0.07	11-Aug-22	0.00
333,054	5,415	0.075	11-Aug-22	0.01
Issue costs	(48,266)			
46,714,841	684,050	0.09		0.66

Number of Options Outstanding	Exercise Price (\$'s)	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life (years)
1,200,000	0.05	19-Sept-21	1,200,000	0.22
2,700,000	0.05	05-Oct-22	2,700,000	1.26
2,350,000	0.05	05-Feb-23	2,350,000	1.60
3,550,000	0.05	30-May-23	3,550,000	1.91
1,450,000	0.07	30-Jan-24	1,450,000	3.55
2,550,000	0.05	29-May-25	2,550,000	3.91
2,550,000	0.08	06-Apr-26	2,550,000	4.77
16,350,000			16,350,000	2.45

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

None

4. **List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.**

Nicole Brewster - CEO, President, Director

Kyle Appleby - CFO

Judy Wood – Director

Wally Rudensky – Director

Kellie Leitch – Director

John Webster – Director

Kurt Breede - Director

## SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

ATTACHED

### Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated August 30, 2021\_\_\_\_\_.

Kyle Appleby\_\_\_\_\_  
Name of Director or Senior Officer

*"Kyle Appleby"*\_\_\_\_\_  
Signature

CFO\_\_\_\_\_  
Official Capacity

<b>Issuer Details</b> Renforth Resources Inc.	For Quarter Ended June 30, 2021	Date of Report YY/MM/D 21/08/30
Issuer Address 1099 Kingston Road, Suite 269		
City/Province/Postal Code  Pickering, Ontario	Issuer Fax No.	Issuer Telephone No. 416-818-139
Contact Name Nicole Brewster	Contact Position CEO	Contact Telephone No. 416-818-139
Contact Email Address <a href="mailto:kappleby@renforthresources.com">kappleby@renforthresources.com</a>	Web Site Address <a href="http://www.renforthresources.com">www.renforthresources.com</a>	

**RENFORTH RESOURCES INC.**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021**

**(Expressed in Canadian Dollars)**

## **NOTICE TO SHAREHOLDERS**

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three and six months ended June 30, 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 and six months ended June 30, 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 June 30, 2021	As at December 31, 2020
		(note 14)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 545,478	\$ 2,634,013
Marketable securities (note 5)	3,000,000	4,080,000
Sales tax and refundable tax credits receivable	456,593	204,426
Prepaid expenses and deposits	47,339	119,940
Total current assets	4,049,410	7,038,379
<b>TOTAL ASSETS</b>	<b>\$ 4,049,410</b>	<b>\$ 7,038,379</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	\$ 88,759	\$ 357,933
Deferred tax liability	196,000	196,000
Deferred flow through share premium (note 8(b))	-	1,740,194
Total liabilities	284,759	2,294,127
<b>Equity</b>		
Share capital (note 8 (b))	19,940,415	19,346,936
Warrant reserve (note 8 (c))	684,050	783,412
Contributed surplus	3,762,685	3,586,177
Accumulated deficit	(20,622,499)	(18,972,273)
Total equity	3,764,651	4,744,252
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 4,049,410</b>	<b>\$ 7,038,379</b>

Going concern (note 1)

Commitments and contingencies (notes 6 and 11)

*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 Loss and Comprehensive Loss**

For the three and six months ended June 30, 2021 and June 30, 2020

(Expressed in Canadian dollars)

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
		(note 14)		(note 14)
<b>Expenses</b>				
General and corporate (notes 7 and 13)	\$ 195,047	\$ 149,998	\$ 637,212	\$ 280,557
Share-based payments	178,500	112,100	178,500	112,100
Exploration expenditures (notes 6)	1,016,268	(41,142)	1,494,708	418,876
<b>Loss before other items</b>	<b>1,389,815</b>	<b>(220,956)</b>	<b>(2,310,420)</b>	<b>(811,533)</b>
<b>Other items</b>				
Flow through share premium	-	-	1,740,194	270,985
Change in fair value of marketable securities (note 5)	(840,000)	-	(1,080,000)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (2,229,815)</b>	<b>\$ (220,956)</b>	<b>\$ (1,650,226)</b>	<b>\$ (540,548)</b>
<b>Basic and diluted loss per share (note 9)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>

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

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

For the six months ended June 30, 2021 and June 30, 2020

(Expressed in Canadian dollars)

	<b>2021</b>	2020
		(note 14)
<b>Cash flow from operating activities</b>		
Net loss for the period	\$ (1,650,226)	\$ (540,548)
Items not affecting cash:		
Share based payments	178,500	112,100
Change in fair value of marketable securities	1,080,000	-
Flow through share premium	(1,740,194)	(270,986)
Changes in non-cash working capital:		
Sales tax and refundable tax credits receivable	(252,167)	182,237
Accounts payable and accrued liabilities	(104,174)	(37,850)
Prepaid expenses and deposits	72,600	(13,490)
<b>Total cash flows (used in) operating activities</b>	<b>(2,415,661)</b>	<b>(568,437)</b>
<b>Cash flow from financing activities</b>		
Exercise of warrants	265,125	-
Exercise of stock options	62,000	-
Issue of common shares for cash	-	238,000
Share issue costs	72,601	(14,000)
<b>Total cash flows (used in) operating activities</b>	<b>327,126</b>	<b>224,000</b>
<b>Decrease in cash</b>	<b>(2,088,535)</b>	<b>(344,537)</b>
<b>Cash, beginning of period</b>	<b>2,634,013</b>	<b>885,758</b>
<b>Cash, end of period</b>	<b>\$ 545,478</b>	<b>\$ 541,221</b>

*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 six months ended June 30, 2021 and June 30, 2020

(Expressed in Canadian dollars)

	Share capital	Share capital	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, December 31, 2019</b>	205,771,167	16,843,160	2,937,150	979,970	(20,141,414)	7,756,298
Share based payments	-	-	112,100	-	-	112,100
Gain on settlement of debt	-	-	53,790	-	-	53,790
Shares issued under private placement	4,336,364	238,000	-	-	-	238,000
Valuation of warrants issued under private placement	-	(70,496)	-	70,496	-	-
Share issue costs	-	(9,866)	-	(4,134)	-	(14,000)
Broker warrants	-	(701)	-	701	-	-
Shares issued to settle debt	3,729,000	130,515	-	-	-	130,515
Flow through share premium	-	(23,088)	-	-	-	(23,088)
Expiry of warrants	-	-	442,806	(442,806)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(540,548)	(121,672)
<b>Balance June 30, 2020</b>	213,836,531	17,107,524	3,545,846	604,227	(20,681,962)	8,131,942
<b>Balance, December 31, 2020</b>	255,296,670	19,346,936	3,586,177	783,412	(18,972,273)	4,744,252
Share based payments	-	-	178,500	-	-	178,500
Shares issued to settle debt	2,062,500	165,000	-	-	-	165,000
Exercise of warrants	3,594,500	328,479	-	(63,354)	-	265,125
Exercise of options	1,000,000	100,000	(38,000)	-	-	62,000
Expiry of warrants	-	-	36,008	(36,008)	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(1,650,226)	(1,650,226)
<b>Balance June 30, 2021</b>	261,953,670	19,940,415	3,762,685	684,050	(20,622,499)	3,764,651

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

## **RENFORTH RESOURCES INC.**

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

June 30, 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 August 25, 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 loss of \$1,650,226 for the six months ended June 30, 2021 (six months ended June 30, 2020 – net loss of \$540,548) and has an accumulated deficit of \$20,622,499 (December 31, 2020 - \$18,972,273) and a working capital surplus of \$3,764,651 (December 31, 2020 –\$4,744,252) as at June 30, 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**

June 30, 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**

June 30, 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.

As at January 1, 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

June 30, 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 six months ended June 30, 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 June 30, 2021 was \$3,000,000 (December 31, 2020 - \$4,080,000) resulting in an unrealized loss of \$840,000 and \$1,080,000 for the three and six months ended June 30, 2021.

#### 6. EXPLORATION AND EVALUATION ASSETS

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Exploration expenses for the six months ended June 30,	2021	2020	Cumulative
Parbec	\$ 930,608	\$ 32,305	\$ 5,560,415
New Alger	-	436,571	-
Nixon Bartelman	-	-	160,343
Malartic West/Surimeau	555,100	-	846,414
Denain	9,000	(50,000)	398,480
Other	-	-	280,000
	\$ 1,494,708	\$ 418,876	\$ 7,245,652

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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

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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**

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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

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#### 7. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Compensation of key management personnel

Key management includes members of the board of directors, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the six months ended June 30, 2021 and June 30, 2020:

	2021	2020
Salary or other short-term benefits	\$ 90,000	\$ 90,000

(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 six months ended June 30, 2021, the Company was charged \$1,166,550 (2020 - \$450,243) in exploration related expenditures, and \$60,000 (2020 - \$60,000) in management fees for the CEO, of which \$45,000 (2020 - \$45,000) was recorded as exploration expenditures and \$15,000 (2020 - \$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 \$81,00 for the six months ended June 30, 2021 (2020 - \$5,400). As at June 30, 2021, there was \$50,000 (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 April 15, 2021, the Company settled debt with Minroc in the amount of \$110,000 by the issuance of 1,375,000 common shares. 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 six months ended June 30, 2021, the Company was charged \$30,000 (2020 - \$30,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at June 30, 2020, \$16,950 (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 April 15, 2021, the Company settled debt with CFO in the amount of \$55,000 by the issuance of 687,500 common shares. 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.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

June 30, 2021

(Expressed in Canadian dollars)

#### 8. SHARE CAPITAL

##### a) Shares authorized

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

##### b) Common shares issued and outstanding

Details of shares issued and outstanding are as follows:

	Shares	Amount
<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</b>	<b>255,296,670</b>	<b>19,346,936</b>
Shares issued for settlement of debt (i)	2,062,500	165,000
Exercise of stock options	1,000,000	100,000
Exercise of warrants	3,594,500	328,479
<b>Balance June 30, 2021</b>	<b>261,953,670</b>	<b>\$ 19,940,415</b>

- (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. On April 15, 2021, the Company settled debt in the amount of \$165,000 associated with services rendered to Renforth by the President and CEO and the CFO. A total of 2,062,500 shares were issued to discharge this debt in full. The shares had a fair market value on the date of issuance of \$165,000. See note 7.
- (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.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

#### 8. SHARE CAPITAL (continued)

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 six months ended June 30, 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	52,549,341	783,412
Expired	(2,240,000)	(36,008)
Exercised	(3,594,500)	(63,354)
Balance at June 30, 2021	46,714,841	684,050

#### Summary of warrants outstanding as at June 30, 2021:

Outstanding	Grant Date	Price	Expiry Date	Weighted average
#	\$	\$		
2,650,000	33,803	0.10	16-Sep-21	0.01
1,738,000	29,436	0.075	16-Sep-21	0.01
766,670	9,780	0.10	25-Sep-21	0.00
1,240,000	21,001	0.075	25-Sep-21	0.01
156,000	4,320	0.10	25-Sep-21	0.00
5,924,373	93,828	0.10	30-Oct-21	0.04
1,500,000	25,658	0.075	30-Oct-21	0.01
426,600	7,403	0.10	18-Nov-21	0.00
4,433,334	67,137	0.10	13-Dec-21	0.04
150,000	2,292	0.075	13-Dec-21	0.00
8,870,000	131,863	0.10	31-Dec-21	0.10
400,000	6,111	0.075	31-Dec-21	0.00
100,000	1,700	0.07	30-Jun-22	0.00
4,491,179	69,791	0.075	30-Jun-22	0.10
1,400,000	23,400	0.07	23-Jul-22	0.03
2,692,000	43,759	0.075	23-Jul-22	0.06
5,119,500	85,390	0.07	11-Aug-22	0.12
4,308,631	69,969	0.075	11-Aug-22	0.10
16,000	260	0.07	11-Aug-22	0.00
333,054	5,415	0.075	11-Aug-22	0.01
Issue costs	(48,266)			
46,714,841	684,050	0.09		0.66

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

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#### 8. SHARE CAPITAL (continued)

##### d) Stock option plan

The Company has a stock option plan which provides for the granting of options to purchase common shares to a maximum of 10% of the issued and outstanding common shares of the Company to officers, directors, and other service providers at the discretion of the directors. Each option granted under this plan shall be exercisable for a maximum period of five years from the date the option is granted to the optionee. Stock options vest over a period of 12 months.

On 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 was 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.

On April 6, 2021, the Company issued 2,550,000 options to officers, directors and management of the Company exercisable for a period of five years at an exercise price of \$0.08 per option. 2,250,000 of the options were granted to officers and directors. The options vested immediately on the date of grant. The fair value of the options was estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 135%; expected dividend yield of 0%; risk-free interest rate of 0.95%; and expected life of 5 years. The options were valued at \$178,500.

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

As at June 30, 2021, the weighted average exercise price of options outstanding and options exercisable were as follows:

	June 30, 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	2,550,000	\$ 0.08	2,950,000	\$ 0.05
Exercised	(1,000,000)	\$ 0.07		
Expired	(900,000)	\$ 0.07	(1,300,000)	\$ 0.06
<b>Outstanding – end of period</b>	<b>16,350,000</b>	<b>\$ 0.07</b>	<b>15,700,000</b>	<b>\$ 0.07</b>
<b>Exercisable – end of period</b>	<b>16,350,000</b>	<b>\$ 0.07</b>	<b>15,700,000</b>	<b>\$ 0.07</b>

As at June 30, 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)
1,200,000	0.05	19-Sept-21	1,200,000	0.22
2,700,000	0.05	05-Oct-22	2,700,000	1.26
2,350,000	0.05	05-Feb-23	2,350,000	1.60
3,550,000	0.05	30-May-23	3,550,000	1.91
1,450,000	0.07	30-Jan-24	1,450,000	3.55
2,550,000	0.05	29-May-25	2,550,000	3.91
2,550,000	0.08	06-Apr-26	2,550,000	4.77
<b>16,350,000</b>			<b>16,350,000</b>	<b>2.45</b>

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

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(Expressed in Canadian dollars)

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

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

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
Numerator:				
Net loss attributable to common shareholders				
- basic and diluted	\$ (2,229,815)	\$ (220,956)	\$ (1,650,226)	\$ (540,548)
Denominator:				
Weighted average common shares outstanding				
- basic	260,198,876	208,050,000	257,734,231	206,904,288
- fully diluted	260,198,876	265,368,156	257,734,231	264,222,444
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)

The warrants and options outstanding were excluded from the computation of diluted loss per share in 2021 and 2020 because their impact was anti-dilutive.

#### 10. 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 six months ended June 30, 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 June 30, 2021, the Company had a cash balance of \$545,478 (December 31, 2020 – \$2,634,013) to settle current liabilities of \$284,759 (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.

## RENFORTH RESOURCES INC.

### Notes to the Unaudited Condensed Interim Financial Statements

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#### 10. FINANCIAL RISK FACTORS (continued)

##### 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, 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.

#### 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

For the three and six months ended June 30,	2021	2020	2021	2020
Management compensation	\$ 22,500	\$ 22,500	\$ 45,000	\$ 45,000
Legal and audit	31,930	2,582	31,930	2,582
Consulting services	117,850	102,895	495,666	190,647
Insurance	2,452	1,431	4,599	2,870
Transfer agent	1,658	1,068	2,624	6,370
Administrative and general	10,428	17,272	19,678	24,278
Listing fees	8,230	2,250	37,715	8,810
	\$ 195,048	\$ 149,998	\$ 637,212	\$ 280,557



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

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**14. CHANGE IN ACCOUNTING POLICY**

During the three and six months ended June 30, 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 and six months ended June 30, 2020.

Statements of Financial Position:

	As at December	Adjustments	As at December
<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>	\$ 12,789,322	\$ (5,750,943)	\$ 7,038,379
<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>	\$ 12,789,322	\$ (5,750,943)	\$ 7,038,379

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

June 30, 2021

(Expressed in Canadian dollars)

**14. CHANGE IN ACCOUNTING POLICY (continued)**

Statement of Loss and Comprehensive Loss:

	Three months ended June 30, 2020 as previously reported	Adjustments	Three months ended June 30, 2020 as amended	Six months ended June 30, 2020 as previously reported	Adjustments	Six months ended June 30, 2020 as amended
<b>Expenses</b>						
General and corporate	\$ 149,998	\$ -	\$ 149,998	\$ 280,557	\$ -	\$ 280,557
Share based payments	112,100		112,100	112,100		112,100
Exploration expenditures	-	(41,142)	(41,142)	-	418,876	418,876
<b>Loss before other items</b>	(262,098)	41,142	(220,956)	(392,657)	(418,876)	(811,533)
<b>Other items</b>						
Flow through share premium	-	-	270,985	270,985	-	270,985
Change in fair value of marketable securities	-	-	-	-	-	-
<b>Net loss and comprehensive loss for the period</b>	\$ (262,098)	\$ 41,142	\$ (220,956)	\$ (121,672)	\$ (418,876)	\$ (540,548)
<b>Basic and diluted loss per share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

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

June 30, 2021

(Expressed in Canadian dollars)

**14. CHANGE IN ACCOUNTING POLICY (continued)**

Statement of Cash Flows:

	Six months ended June 30, 2020 as previously reported	Adjustments	Six months ended June 30, 2020 as amended
<b>Cash flow from operating activities</b>			
Net income (loss) for the period	\$ (121,672)	\$ (418,876)	\$ (540,548)
Items not affecting cash:			
Share based payments	112,100	-	112,100
Flow through share premium	(270,986)	-	(270,986)
Changes in non-cash working capital:			
Sales tax and refundable tax credits receivable	84,237	98,000	182,237
Accounts payable and accrued liabilities	(82,850)	45,000	(37,850)
Prepaid expenses and deposits	(13,490)	-	(13,490)
Total cash flows (used in) operating activities	(292,661)	(275,876)	(568,537)
<b>Cash flow from investing activities</b>			
Additions to exploration and evaluation assets	(530,812)	530,812	-
Option payment received on Denain project	50,000	(50,000)	-
Recovery of mining input tax credits	204,935	(204,935)	-
Total cash flows (used in) investing activities	(275,877)	275,877	-
<b>Cash flow from financing activities</b>			
Issue of common shares and warrants	238,000	-	238,000
Share issue costs	(14,000)	-	(14,000)
Total cash flows (used in) investing activities	224,000	-	224,000
<b>Decrease in cash</b>	(344,538)	-	(344,537)
<b>Cash, beginning of period</b>	885,758	885,758	885,758
<b>Cash, end of period</b>	\$ 541,220	\$ 885,759	\$ 541,221



## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 AND 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, 2021 and the comparable periods ended June 30, 2020. The discussion should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2021 and June 30, 2020 and related notes thereto, and the audited annual financial statements for the years ended December 31, 2020 and 2019. 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 25, 2021.

### **Overview of Operations**

In Quebec, Renforth holds the Parbec Property in the Malartic gold camp, with gold present at surface and to some depth, located on the Cadillac Break, contiguous to the East Amphi portion of the Canadian Malartic Mine property. Parbec carries an open-pit constrained resource reported in accordance with CIM Standards on Mineral Resources and Reserves, with additional gold bearing structures, outside of the Cadillac Break on the property, outside of the current resource. Renforth also holds Malartic West, contiguous to the western boundary of the Canadian Malartic Mine Property, located in the Pontiac Sediments, this property is gold bearing and was the recent site of a copper discovery. Renforth holds the 260 km<sup>2</sup> Surimeau District property, also contiguous to Canadian Malartic and the southern border of the Malartic West property. Surimeau hosts polymetallic mineralization and represents the consolidation of six historically identified nickel, copper, zinc mineralization occurrences into one property for the first time. In addition to this Renforth has optioned the wholly owned Denain-Pershing gold bearing property, located near Louvicourt, Quebec, to O3 Mining Inc.

In Ontario, Renforth holds the Nixon-Bartleman surface gold occurrence west of Timmins, Ontario, drilled, channeled and sampled over 500m – this historic property also requires additional exploration to define the extent of the mineralization.

The Company trades on the CSE (RFR), (OTCQB– RFHRF) (FSE-9RR). The Company’s registered and head office is located at 1099 Kingston Road, unit 269, Pickering, Ontario.

### **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 prepared 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.

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..

The 2020 winter drill program commenced in late January with the splitting of core the remaining un-split core from the 2020 drilling, the 2021 drill program commencing in early February 2021. That program drilled an additional 5925 metres in 22 drill holes, for a total of more than 15,000 metres of new drilling at Parbec which will support a resource estimate calculation expected to occur in Summer 2021. At June 30<sup>th</sup> 2021 the reporting of assay results from the 15,596m drilled in 2020/21 was ongoing, with all of 2020 now reported on, with the exception of additional sampling of the 2020 core, those sample results have not yet been received. Several interesting results have been reported, the Top 10 Intervals for the 2020/21 drill program, as at August 11, 2021 are inserted below.

Drillhole	Grid East	Grid North	From (m)	To (m)	Lenth (m)	Gold g/t
PAR-20-112	5300	225	254.8	276.25	21.45	5.57
PAR-21-127	5100	135	255.15	279.25	24.1	3.78
PAR-21-133	5325	243	232	244.5	12.5	6.9
PAR-20-116	5050	200	108.9	158.5	49.6	1.46
PAR-21-128	5150	165	280.9	293.5	12.6	4.39
PAR-21-131	5200	337	48.45	58	9.55	4.42
PAR-21-132	5225	280	130.15	141.9	11.75	3.3
PAR-21-130	5150	308	91.9	106	14.1	2.15
PAR-20-100	5440	190	88.5	109.5	21	1.21
PAR-21-128	5150	165	259.25	269.5	10.25	2.37

Breakdown of expenses for the six months ended June 30, 2021:

Drilling	\$ 710,968
Analysis	186,827
Management and administration	22,500
Claim management	4,583
Other	5,730
	<u>\$ 930,608</u>

### **Surimeau District Property**

Renforth's Surimeau Property covers 260 km<sup>2</sup>, encompassing 6 areas of historic polymetallic mineralization, within one property for the first time. 4 of these properties are located within geophysical anomalies which strike >50km in two bands. The central band stretches for ~20km, with the Victoria West Target in the western end and the Colonie Target in the eastern end. Both of these target areas were visited by Renforth during initial fieldwork, with surface mineralization obtained via grab samples at each, which supports historical records of nickel, copper and zinc mineralization. The northern band, ~30kms in strike, hosts the Surimeau target in the NW, not visited by Renforth yet, and the Lalonde target in the centre, which is located ~3km north of the Victoria West target area and was visited by Renforth, with grab samples again proving surface mineralization for nickel, copper and zinc. In Spring 2021 Renforth completed a drill program of 3456m in 15 drill holes across 2.2 kms. of strike at Victoria West, each of the 15 holes drilled returned visual nickel, copper and zinc sulphide mineralization, assays are pending. Renforth considers the geophysical anomaly, which strikes for ~20km in the central band and hosts Victoria West in its western end, to accurately reflect the presence of the nickel rich VMS system the Surimeau District Property, with a significant amount of the property hardly explored.

Breakdown of expenses for the six months ended June 30, 2021:

Drill program	\$ 455,584
Analysis	38,417
Management and admin	22,500
	19,112
Claim management	17,737
Other	1,750
	<u>\$ 535,988</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 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 three months ended March 31, 2021 due to COVID-19 preventing access to seasonal accommodations to support what had been planned field work.

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

Renforth announced on July 28, 2021, subsequent to the end of the period, the receipt from O3 Mining Inc. of \$175,000.00 (comprised of \$125,000 in cash and 21,603 common shares of O3 Mining Inc. restricted until Nov. 29, 2021) representing the final payment due under the option agreement held by O3 Mining Inc. on Denain-Pershing, fulfilling the option to vest an 80% ownership interest, and the sale of Renforth's remaining 20% ownership interest in Denain-Pershing to O3 Mining Inc. As of the date of writing, August 11, 2021, Renforth holds no interest in the Denain-Pershing property.

### **Malartic West**

Malartic West, contiguous to the Canadian Malartic mine, 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 six months ended June 30, 2021, the Company spent funds on claim management. There was no work carried out on the property during the period.

### **Results of Operations**

	<b>Three months ended June 30,</b>		<b>Six months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Expenses</b>				
General and corporate	\$ 195,047	\$ 149,998	\$ 637,212	\$ 280,557
Share-based payments	178,500	112,100	178,500	112,100
Exploration expenditures	1,016,268	(41,142)	1,494,708	418,876
<b>Loss before other items</b>	<b>1,389,815</b>	<b>(220,956)</b>	<b>(2,310,420)</b>	<b>(811,533)</b>
<b>Other items</b>				
Flow through share premium	-	-	1,740,194	270,985
Change in fair value of marketable securities	(840,000)	-	(1,080,000)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$(2,229,815)</b>	<b>\$(220,956)</b>	<b>\$(1,650,226)</b>	<b>\$(540,548)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>	<b>\$ (0.00)</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 Q1/Q2 2021 and Q1/Q2 2020.

#### *Other items*

Other income – flow through share premium

During 2020 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:

	2021		2020	
Management compensation	\$ 22,500	\$ 22,500	\$ 45,000	\$ 45,000
Legal and audit	31,930	2,582	31,930	2,582
Consulting services	117,850	102,895	495,666	190,647
Insurance	2,452	1,431	4,599	2,870
Transfer agent	1,658	1,068	2,624	6,370
Administrative and general	10,428	17,272	19,678	24,278
Listing fees	8,230	2,250	37,715	8,810
	\$ 195,048	\$ 149,998	\$ 637,212	\$ 280,557

Management compensation for three and six months ended June 30, 2021 is comprised of CEO fees of \$15,000 (2020 - \$15,000) and CFO management fees of \$30,000 (2020 - \$30,000). \$45,000 (2020 - \$45,000) of fees relating to the CEO was grouped with exploration expenditures 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.

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

### Summary of Quarterly Results

	QTR	QTR	QTR	QTR	QTR	QTR	QTR	QTR
	2	1	4	3	2	1	4	3
	2021	2021	2020	2020	2020	2020	2019	2019
Revenue	--	--	--	--	--	--	--	--
Net income (loss) and comprehensive income (loss)	\$(2,229,815)	\$579,589	\$(454,540)	\$358,864	\$(262,098)	\$140,426	\$(142,581)	\$(110,804)
Income (loss) per common share basic and fully diluted	(0.01)	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, 2021 the Company's cash decreased to \$545,478 from \$2,634,013 at December 31, 2020. The Company's working capital was \$ 3,764,651 compared to \$4,744,252 at December 31, 2020. The decrease in cash was due to \$2,415,660 spent on operating activities (compared to \$568,537 spent in Q2 2020). The increase in cash used is the result of flow through financing raised in 2020 of which \$2,511,655 is required to be spent by the end of 2021.



The Company's 2020 monthly cash burn rate on average, which was calculated as cash spent per month in operating activities, was approximately \$402,000. This included \$1,494,708 of exploration expenditures, and various consulting fees for business development and investor relation services which is discretionary and based on available funds. Although the Company expects to still operate at a loss for at minimum the next 12 months, at its current operating level, the Company will have sufficient funds to cover short-term operational needs.

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 and more recently from the sale of a project. The Company's liquidity concerns were addressed by the sale of the New Alger project which provided \$500,000 in cash, and 12,000,000 common shares of Radisson Mining Resources Inc., as well as \$3,240,000 flow through financing.

The Company has no debt and no financial commitments other than spending its flow through dollars on acceptable exploration costs.

Overall, given working capital at June 30, 2021, the Company will be able to meet its general operational requirements for 2021, and will not require additional capital for exploration programs for the balance of 2021 and to funds general operations for, at minimum the next 12 months.

The Corporation's principal source of financing is equity financing, the success of which depends on venture capital markets, the attractiveness of exploration companies to investors, and metal prices. To continue its exploration activities and be able to support its ongoing operations, the Company will need to continued its relations with the financial community to obtain further equity financing in the future. Outstanding options and warrants, if exercised, represent potential financing.

### **Off-Balance Sheet arrangements**

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

### **Related Party Transactions**

Compensation of key management personnel

Key management includes members of the board of directors, the President and Chief Executive Officer and the Chief Financial Officer. The aggregate value of transactions relating to key management personnel and entities over which they have control or significant influence were as follows for the six months ended June 30, 2021 and June 30, 2020:

	<b>2021</b>	2020
Salary or other short-term benefits	<b>\$ 90,000</b>	\$ 90,000

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, 2021, the Company was charged \$1,166,550 (2020 - \$450,243) in exploration related expenditures, and \$60,000 (2020 - \$60,000) in management fees for the CEO, of which \$45,000 (2020 - \$45,000) was recorded as exploration expenditures and \$15,000 (2020 - \$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 \$81,00 for the six months ended June 30, 2021 (2020 - \$5,400). As at June 30, 2021, there was \$50,000 (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 April 15, 2021, the Company settled debt with Minroc in the amount of \$110,000 by the issuance of 1,375,000 common shares. 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 six months ended June 30, 2021, the Company was charged \$30,000 (2020 - \$30,000) in management fees by a corporation owned by the CFO of the Company, for CFO services. As at June 30, 2020, \$16,950 (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 April 15, 2021, the Company settled debt with CFO in the

amount of \$55,000 by the issuance of 687,500 common shares. 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.

### **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; and
- Valuation of the refundable mining duties credit and the refundable tax credits for resources.

### **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) 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.
- (b) 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 six months ended June 30, 2021.

### **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, 2021, the Company had a cash balance of \$545,478 (December 31, 2020 – \$2,634,013) to settle current liabilities of \$284,759 (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. 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, 2021 and December 31, 2020, the fair values of Company's financial instruments approximate their carrying values, given their short-term nature.

## **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 261,821,169 common shares issued and outstanding.

As at the date of this MD&A the Company had 50,107,340 warrants outstanding.

As at the date of this MD&A the Company had 16,750,000 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.*