

**RENFORTH RESOURCES INC.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

## **NOTICE TO SHAREHOLDERS**

The accompanying condensed interim financial statements of Renforth Resources Inc. for the three and nine months ended September 30, 2013 and 2012 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 nine months ended September 30, 2013 and 2012 nor have they conducted any procedures with respect to the supplementary financial schedules included herein.

**RENFORTH RESOURCES INC.**

**Condensed Interim Statements of Financial Position**

(Expressed in Canadian dollars)  
(unaudited)

	As at September 30, 2013	As at December 31, 2012
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents ( <i>note 5</i> )	68,038	540,172
Sales tax receivable	11,650	21,638
Prepaid expenses and deposits	9,188	3,013
Total current assets	88,876	564,823
<b>Non-current assets</b>		
Equipment ( <i>note 6</i> )	350	2,105
Exploration and evaluation assets ( <i>notes 7 and 8</i> )	1,170,623	1,014,059
Total non-current assets	1,170,973	1,016,164
<b>TOTAL ASSETS</b>	<b>1,259,849</b>	<b>1,580,987</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities ( <i>note 8</i> )	120,379	161,100
Deferred flow through share premium	9,579	5,250
Total liabilities	129,958	166,350
<b>Equity</b>		
Share capital ( <i>note 9 (b)</i> )	11,013,989	10,850,345
Warrant reserve ( <i>note 9 (c)</i> )	40,878	33,895
Contributed surplus	1,573,986	1,505,483
Accumulated deficit	(11,498,962)	(10,975,086)
Total equity	1,129,891	1,414,637
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,259,849</b>	<b>1,580,987</b>

**Going concern** (*note 1*)

**Commitments and options** (*notes 7 and 12*)

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

Approved by the Board

Signed:

“Nicole Brewster”, Director

Signed:

“Wally Rudensky”, Director

**RENFORTH RESOURCES INC.****Condensed Interim Statements of (Loss) Income and Comprehensive (Loss) Income**

For the three and nine months ended September 30, 2013 and September 30, 2012

(Expressed in Canadian dollars)

(unaudited)

	Three months ended 2013	Sept. 30 2012	Nine months ended 2013	Sept. 30 2012
	\$	\$	\$	\$
<b>Expenses</b>				
General and corporate <i>(note 14)</i>	40,255	94,592	144,695	321,285
Share based payments <i>(note 9(d))</i>	-	833	68,503	7,433
<b>Loss before other items</b>	(40,255)	(95,425)	(213,198)	(328,718)
<b>Other items</b>				
Write off of exploration expenditures	(315,928)	-	(315,928)	-
Gain on settlement of debt	-	-	-	580,855
Loss on sale of mineral claims	-	-	-	(63,000)
Other income – flow through premium	-	-	5,250	-
Interest income	-	208	-	777
<b>Net (loss) income and comprehensive (loss) income for the period</b>	(356,183)	(95,217)	(523,876)	189,914
<b>Basic and fully diluted (loss) income per share <i>(note 10)</i></b>	(0.01)	(0.00)	(0.02)	0.01

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

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

For the nine months ended September 30, 2013 and September 30, 2012

(Expressed in Canadian dollars)

(Unaudited)

	2013	2012
	\$	\$
<b>Cash flow from operating activities</b>		
Net loss for the period	(523,876)	189,914
Items not affecting cash		
Share based payments	68,503	7,433
Write down of exploration and evaluation assets	315,928	-
Gain on settlement of debt	-	(580,855)
Loss on sale of mineral claims	-	63,000
Other income	(5,250)	-
Depreciation	1,755	761
	(142,940)	(319,747)
Changes in non-cash working capital		
Sales tax receivable	9,988	16,296
Accounts payable and accrued liabilities	(130,720)	106,931
Prepaid expenses and deposits	(6,175)	1,968
Total cash flows from operating activities	(269,847)	(194,552)
<b>Cash flow from investing activities</b>		
Additions to exploration and evaluation assets	(282,492)	(128,931)
Proceeds on sale of mining claims	-	387,000
Total cash flows from investing activities	(282,492)	258,069
<b>Cash flow from financing activities</b>		
Issuance of common shares and warrants (net of costs)	80,205	-
Total cash flows from investing activities	80,205	-
<b>Decrease in cash and cash equivalents</b>	(472,134)	63,517
<b>Cash and cash equivalents beginning of period</b> (note 5)	540,172	254,691
<b>Cash and cash equivalents, end of period</b> (note 5)	68,038	318,208

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

**RENFORTH RESOURCES INC.**

**Condensed Interim Statements of Changes in Equity**

For the nine months ended September 30, 2013 and September 30, 2012

(Expressed in Canadian dollars)

(Unaudited)

	Share capital	Share capital	Contributed surplus	Warrant reserve	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, December 31, 2011</b>	99,999,669	10,548,903	1,242,857	294,073	(6,244,342)	5,841,491
Shares issued on settlement of debt	13,078,720	65,393	-	-	-	65,393
Share consolidation	(90,462,717)	-	-	-	-	-
Share based payments	-	-	7,433	-	-	7,433
Shares issued in accordance with option agreement	100,000	4,000	-	-	-	4,000
Net income and comprehensive income for the period	-	-	-	-	189,914	189,914
<b>Balance, September 30, 2012</b>	22,715,672	10,618,296	1,250,290	294,073	(6,054,428)	6,108,231
<b>Balance, December 31, 2012</b>	28,465,672	10,850,345	1,505,483	33,895	(10,975,086)	1,414,637
Shares issued under property purchase agreement	2,000,000	100,000	-	-	-	100,000
Shares issued under private placement	1,615,000	91,050	-	-	-	91,050
Share issue costs	-	(11,475)	-	631	-	(10,844)
Valuation of warrants issued on private placement	-	(6,352)	-	6352	-	-
Flow through share premium	-	(9,579)	-	-	-	(9,579)
Share based payments	-	-	68,503	-	-	68,503
Net loss and comprehensive loss for the period	-	-	-	-	(523,876)	(523,876)
<b>Balance, September 30, 2013</b>	32,080,672	11,013,989	1,573,986	40,878	(11,498,962)	1,129,891

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

## **RENFORTH RESOURCES INC.**

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

September 30, 2013

(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 65 Front Street East, Suite 304, Toronto, Ontario M5E 1B5.

These financial statements were approved by the board on November 27, 2013.

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 mineral properties and deferred exploration expenditures 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, 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.

The recoverability of the costs incurred to date on exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and deferred exploration expenditures. The Company will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Changes in future conditions could require material write-downs to the carrying value of the exploration and evaluation assets. Such adjustments could be material.

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

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## 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

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### a) Statement of compliance

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, 2012.

### b) Basis of presentation

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments that have been measured at fair value. In addition these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim 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 or available for the Company's reporting date.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Company's December 31, 2012 annual consolidated financial statements, except for the adoption of new standards and interpretations as of January 1, 2013.

The following IFRS standards became effective for the Company on January 1, 2013.

### **IFRS 7 — Financial Instruments**

IFRS 7 — Financial Instruments Disclosures ("IFRS 7") was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognized financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The adoption of the amendment to IFRS 7 had no impact on the financial statements.

### **IFRS 11 – Joint Arrangements**

IFRS 11, Joint Arrangements (IFRS 11) was issued by the IASB on May 12, 2011 and will replace IAS31, Interest in Joint Ventures. The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting. IFRS 11 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The adoption of IFRS 11 had no impact on the financial statements.



## **RENFORTH RESOURCES INC.**

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

September 30, 2013

(Expressed in Canadian dollars)

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### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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#### **IFRS 13 – Fair Value Measurement**

IFRS 13, Fair Value Measurement was issued by the IASB on May 12, 2011. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The adoption of IFRS 13 had no impact on the financial statements.

#### **IAS 1 – Presentation of Financial Statements**

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended by the IASB in June 2011. As a result of the amendment, items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of IAS 1 had no impact on the financial statements.

#### **IAS 28 - Investments in Associates and Joint Ventures**

IAS 28 - Investments in Associates and Joint Ventures (“IAS 28”) was issued by the IASB in May 2011 and supersedes IAS 28 Investments in Associates and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 defines significant influence as the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. IAS 28 also provides guidance on how the equity method of accounting is to be applied and also prescribes how investments in associates and joint ventures should be tested for impairment. The adoption of IAS 28 had no impact on the financial statements.

#### **Future Changes in Accounting Standards not yet adopted**

Standards issued but not yet effective up to the date of issuance of the Company’s consolidated financial statements are listed below. The Company intends to adopt those standards when they become effective.

#### **IFRS 9 - Financial instruments**

IFRS 9, "Financial instruments" (“IFRS 9”) was issued by the IASB on November 12, 2009 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" (“IAS 39”). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is assessing the impact of IFRS 9 on its consolidated financial statements.

#### **IFRS 12 – Disclosure of Interest in Other Entities**

IFRS 12, Disclosure of Interest in Other Entities was issued by the IASB on May 12, 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 9 on its consolidated financial statements.

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### IFRS 10 - Consolidated Financial Statements

IFRS 10, "Consolidated Financial Statements" (IFRS 10) was issued by the IASB on May 12, 2011 and will replace portions of IAS 27 Consolidated and Separate Financial Statements and interpretation SIC-12 Consolidated - Special Purpose Entities. IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgment and continuous reassessment as facts and circumstances change. IFRS 10 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is assessing the impact of IFRS 9 on its consolidated financial statements.

### 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. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2013. The Company is not subject to externally imposed capital requirements.

### 5. CASH AND CASH EQUIVALENTS

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	As at September 30, 2013	As at December 31, 2012
	\$	\$
Cash in bank	27,746	499,880
Short term bank deposits	40,292	40,292
	<b>68,038</b>	<b>540,172</b>

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Cash and cash equivalents earn interest based on market rates applicable to each form of interest bearing instrument. Cash is deposited at a reputable financial institution. The fair value of cash and cash equivalents approximates the values disclosed in this note.

**RENFORTH RESOURCES INC.**

**Notes to Condensed Interim Financial Statements**

September 30, 2013

(Expressed in Canadian dollars)

**6. EQUIPMENT**

	<b>Computer equipment</b>	<b>Furniture</b>	<b>Total</b>
	\$	\$	\$
<b>Cost</b>			
January 1, 2012	4,231	3,964	8,195
Additions	-	-	-
December 31, 2012	4,231	3,964	8,195
Additions/Dispositions	-	-	-
<b>September 30, 2013</b>	<b>4,231</b>	<b>3,964</b>	<b>8,195</b>
<b>Accumulated Depreciation</b>			
January 1, 2012	3,064	2,137	5,201
Depreciation	524	365	889
December 31, 2012	3,588	2,502	6,090
Depreciation	293	1,462	1,755
<b>September 30, 2013</b>	<b>3,881</b>	<b>3,964</b>	<b>7,845</b>
<b>Carrying amounts</b>			
December 31, 2012	643	1,462	2,105
<b>September 30, 2013</b>	<b>350</b>	<b>-</b>	<b>350</b>

**7. EXPLORATION AND EVALUATION ASSETS**

	<b>New Alger</b>	<b>Red Lake/Mink Lake</b>	<b>Kyle Properties</b>	<b>Attawapiskat</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Acquisition costs</b>					
January 1, 2012	137,500	-	30,000	626,777	794,277
Additions	20,000	52,393	-	-	72,393
Write down	-	-	(30,000)	(395,777)	(425,777)
Dispositions	-	-	-	(231,000)	(231,000)
December 31, 2012	157,500	52,393	-	-	209,893
Write down	-	(52,393)	-	-	(52,393)
Additions	120,000	-	-	-	120,000
<b>September 30, 2013</b>	<b>277,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>277,500</b>
<b>Exploration</b>					
January 1, 2012	587,188	-	3,570,458	1,212,694	5,370,340
Exploration and other geological	123,820	93,158	(1,900)	-	215,078
Write down	-	-	(3,568,558)	(993,694)	(4,562,252)
Disposition	-	-	-	(219,000)	(219,000)
December 31, 2012	711,008	93,158	-	-	804,166
Exploration and other geological	182,115	170,377	-	-	352,492
Write down	-	(263,535)	-	-	(263,535)
<b>September 30, 2013</b>	<b>893,123</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>893,123</b>
<b>Carrying amounts</b>					
December 31, 2012	868,508	145,551	-	-	1,014,059
<b>September 30, 2013</b>	<b>1,170,623</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,170,263</b>

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

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#### **7. EXPLORATION AND EVALUATION ASSETS - continued**

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##### **New Alger Gold Project – Quebec**

On November 1, 2009, Renforth entered into an agreement (the “agreement”) with Cadillac Ventures Inc. (“Cadillac”) whereby Renforth shall have the right to acquire from Cadillac a 51% interest in the New Alger gold property in Québec (the “Property”). Renforth may acquire a 51% interest in the Property through (a) the payment of \$250,000 in cash over a period of 3 years to Cadillac, (b) the issuance of 2,500,000 (500,000 common shares post share consolidation) common shares over a period of 2 years to Cadillac and (c) upon spending a minimum of \$2,500,000 in exploration on the Property over a period of 3 years. Upon completion of its obligations, the parties shall be contributing as to the property – 51% Renforth and 49% Cadillac.

As per the original agreement, Renforth shall pay to Cadillac the following amounts on the following dates:

	Cash	Shares
Formation date	\$10,000 paid	-
Formation date plus 60 days	15,000 paid	500,000 (100,000 shares post share consolidation)– issued
Formation date plus 12 months	25,000 paid	1,000,000 (200,000 shares post share consolidation)– issued
Formation date plus 24 months	100,000	1,000,000 (200,000 shares post share consolidation) – issued
Formation date plus 36 months	<u>100,000</u>	-
	<u>\$250,000</u>	<u>2,500,000</u> (500,000 shares post share consolidation)

On January 28, 2013, Renforth entered into an agreement (the "**Purchase Agreement**") with Cadillac to acquire a 100% interest in Cadillac's New Alger Property, located in Cadillac Township, Québec. The Purchase Agreement supersedes previous agreements, as amended, and as described in Note 7.

The Purchase Agreement provides for the payment to Cadillac of the following: (i) \$20,000 cash and 2,000,000 common shares of Renforth at the time of signing the Agreement, (ii) \$210,000 cash by June 15, and (iii) \$250,000 cash by November 15, 2013. Upon satisfaction of the foregoing conditions, Renforth will acquire a 100% interest in the property, subject to an existing 1% net smelter return royalty and Cadillac will retain an additional 1% net smelter return royalty.

On September 30, 2013, Renforth and Cadillac signed an agreement whereby Cadillac agreed to accept common shares in lieu of the June 15, 2013 cash payment. The shares are to be issued at an agreed price of \$0.05. (see subsequent event note).

The Purchase Agreement terminates the previous agreement between the parties under which Renforth had an option to acquire a 51% joint venture interest in the New Alger Property.

##### **Red Lake Gold Project**

On July 26, 2012, the Company entered into an option agreement with Rubicon Minerals Corporation (the “optionor”), to acquire a 100% undivided interest in certain unpatented mining claims situated in the Townships of Shabumeni Lake, Little Shabumeni Lake, Casummit Lake and Satterly Lake in the District of Red Lake, Ontario.

To exercise the option, Renforth was required to: (i) issue 250,000 common shares of Renforth to the optionor over three years (of which 100,000 shares have been issued and valued at \$4,000), and (ii) pay \$98,000 to the optionor over four years (of which an initial payment of \$20,000 was paid).

If Renforth acquires and begins commercial production on the Property, the optionor retains a production royalty equal to 1.5% of the net smelter returns, subject to Renforth’s right to buy-back half of the royalty (0.75%) for \$750,000.

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

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#### **7. EXPLORATION AND EVALUATION ASSETS - continued**

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##### **Mink Lake Gold Project**

On February 28, 2012, the Company acquired an option to acquire the Mink Lake Gold Project, located approximately 110 kms east-northeast from the Town of Red Lake in the Birch-Uchi Greenstone Belt. The Project is comprised of 9 unpatented mining claims totaling 123 units (the "Property").

Renforth acquired the option on the Mink Lake Gold Project from Accolade Resources Corporation ("Accolade") through the assumption of Accolade's rights and obligations under a Purchase Option Agreement (the "Option Agreement") between Accolade and an arm's length exploration and development company (the "Optionor"). Renforth now has the right to earn 100% ownership in the Property, subject to a 2% Net Smelter Return Royalty in favour of the Optionor (half of which can be purchased back for a payment of one million dollars to the Optionor), by making the following payments to the Optionor:

- 1) \$15,000 by September 30, 2012 (paid);
- 2) \$20,000 by September 30, 2013; and
- 3) \$25,000 by September 30, 2014.

This is a total of \$60,000 in payments, which can be accelerated at the election of Renforth.

In addition to this Renforth staked certain units in the area which join the Mink Lake Property to the optioned ground, forming one large land block.

As at September 30, 2013, Renforth wrote off all capitalized costs associated with the Mink Lake/Red Lake projects. The Company has not made its option payments that were due and have no further plans to explore these projects.

##### **Attawapiskat – James Bay Lowlands**

As at December 31, 2012, the remaining carrying value of the property was written off, as the Company has no current plans for exploration.

##### **Kyle Kimberlite Properties**

As at December 31, 2012, the carrying value of the property was written off, as the Company has no current plans for exploration.

#### **8. RELATED PARTY TRANSACTIONS AND BALANCES**

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(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 and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows for the nine months ended September 30, 2013 and September 30, 2012.

	2013	2012
Salary or other short term benefits	\$ 135,000	\$ 137,833
Share based payments issued	56,100	500
Directors' fees	-	-
	<b>\$ 191,100</b>	<b>\$ 138,333</b>

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## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

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#### **8. RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

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(b) Other related party balances and transactions

The Company engages Billiken Management Services Inc. (“Billiken”), a geological consulting company, to manage the Company’s exploration programs. The Company’s CEO, Nicole Brewster, is a shareholder of Billiken. For the nine months ended September 30, 2013, the Company was charged \$225,668 in property related expenditures, \$90,000 in management fees for the CEO (accrued at September 30, 2013), and \$3,457 in administration expenses. The Company also rents office space from Billiken at a rate of \$1,266 per month. During the nine months ended September 30, 2013, the Company was charged \$10,134 for office rent.

During the nine months ended September 30, 2013, the Company was charged \$nil (2012-\$13,053) in legal fees from a law firm in which a former director of the Company is a partner of the firm. This former director resigned April 10, 2012.

During the nine months ended September 30, 2013, the Company was charged \$nil (2012-\$20,000) in geological consulting fees included in exploration and evaluation assets by a company owned by a former director of the Company.

During the nine months ended September 30, 2013, the Company was charged \$36,000 (2012-\$16,000) in geological consulting fees included in exploration and evaluation assets to the current technical director of the Company.

During the nine months ended September 30, 2013, the Company was charged \$45,000 (2012-\$45,000) in management fees by a company owned by the Chief Financial Officer of the Company, for CFO and accounting services.

These transactions were in the normal course of operations and were measured at the exchange amount of consideration established and agreed to by the parties.

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

#### 9. SHARE CAPITAL

##### a) Shares authorized

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

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

Details of shares issued and outstanding are as follows:

	Shares	Amount
Balance, December 31, 2011	99,999,669	\$ 10,548,903
Shares issued for settlement of debt (i)	13,078,720	65,393
Share consolidation (ii)	(90,462,717)	-
Shares issued in accordance with an option agreement (iii)	100,000	4,000
Shares issued under private placement (iv)	5,750,000	287,500
Flow through share premium	-	(5,250)
Valuation of warrants (iv)	-	(33,422)
Share issue costs	-	(16,779)
Balance, December 31, 2012	28,465,672	10,850,345
Shares issued in accordance with purchase agreement (v)	2,000,000	100,000
Shares issued under private placement (vi)	1,615,000	91,050
Flow through share premium	-	(9,579)
Valuation of warrants (vi)	-	(6,352)
Share issue costs	-	(11,475)
Balance, September 30, 2013	32,080,672	\$ 11,013,989

- (i) On June 28, 2012, the Company issued 13,078,720 common shares (2,615,744 common shares post consolidation) at \$0.005 per share (\$0.025 per share post consolidation) for settlement of debt with related parties (note 8).
- (ii) On July 20, 2012, the Company consolidated all of its issued and outstanding common shares on the basis of five (5) pre-consolidation shares for one (1) post-consolidation share. All reference to common shares, options and warrants in these financial statements have been noted to reflect the share consolidation.
- (iii) On September 12, 2012, the Company issued 100,000 common shares at \$0.04 per share, in accordance with an option agreement (note 7).
- (iv) On December 17, 2012 the Company closed a financing for aggregate gross proceeds of \$287,500 through the issuance of 2,250,000 units ("Units") at \$0.05 per Unit and 3,500,000 Flow-Through Units at \$0.05 per Flow-Through Unit. Each Unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.05 for a period of 12 months following closing. These warrants were assigned a value of \$15,726 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.23%; expected volatility 100%; expected dividend yield and an expected life of one year. Each Flow-Through Unit consists of one common share in the capital of the Company issued on a 'flow-through' basis, and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.07 for a period of 12 months following closing. These warrants were assigned a value of \$17,697 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.23%; expected volatility 100%; expected dividend yield and an expected life of one year.

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

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#### 9. SHARE CAPITAL - continued

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In connection with the Offering, the Company issued 52,500 compensation warrants to an arm's length third party for services rendered to the Corporation in respect of the Offering. Each compensation warrant is exercisable, for 12 months, for one common share of Renforth at \$0.07 per share. These warrants were assigned a value of \$473 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.23%; expected volatility 100%; expected dividend yield and an expected life of one year.

- (v) On January 28, 2013, Renforth entered into an agreement with Cadillac to acquire a 100% interest in Cadillac's New Alger Property, located in the Cadillac Township, Québec. In accordance with this agreement Renforth issued 2,000,000 common shares to Cadillac (see note 7).
- (vi) On July 25, 2013 the Company closed a non-brokered private placement financing (the "**Offering**") raising gross proceeds of \$91,050 through the issuance of 1,100,000 units ("**Units**") at \$0.05 per Unit and 515,000 flow-through units ("**Flow-Through Units**") at \$0.07 per Flow-Through Unit. Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.10 for a period of 12 months following closing. Each Flow-Through Unit consists of one common share in the capital of the Company issued on a 'flow-through' basis, and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share in the capital of the Company at a price of \$0.10 for a period of 12 months following closing. These warrants were assigned a value of \$6,352 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.15%; expected volatility 100%; expected dividend yield and an expected life of one year.

In connection with the Offering, the Company issued 105,200 compensation warrants to arm's length third parties for services rendered to the Corporation in respect of the Offering. Each compensation warrant is exercisable, for 12 months, for one common share of Renforth at \$0.10 per share. These warrants were assigned a value of \$631 using the black scholes option pricing model using the following assumptions: risk free interest rate 1.15%; expected volatility 100%; expected dividend yield and an expected life of one year.

#### c) Share purchase warrants

The following summarizes the activity during the nine months ended September 30, 2013 and December 31, 2012:

	Warrants outstanding	Value
		\$
Balance at December 31, 2011	12,373,333	294,073
Share consolidation (note 9(b)(ii))	(9,898,666)	-
Expiry of warrants	(2,474,667)	(294,073)
Issue of warrants	2,927,500	33,895
<hr/>		
Balance at December 31, 2012	2,927,500	33,895
Issue of warrants	912,700	6,983
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<b>Balance at September 30, 2013</b>	<b>3,840,200</b>	<b>40,878</b>



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

September 30, 2013

(Expressed in Canadian dollars)

**9. SHARE CAPITAL - continued**

Summary of warrants outstanding as at September 30, 2013:

Number of Warrants Outstanding	Weighted Average Exercise Price	Expiry Date	Issue Date	Weighted Average Remaining Life	Grant Date Fair Value
	\$				\$
1,125,000	0.05	17-Dec-13	17-Dec-12	0.21	15,726
1,802,500	0.07	17-Dec-13	17-Dec-12	0.21	18,169
912,700	0.10	25-July-14	25-July-13	0.82	6,983
<b>3,840,200</b>	<b>0.06</b>			<b>0.36</b>	<b>40,878</b>

**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 June 19, 2013, the Company granted 2,075,000 stock options to its directors, officers and consultants. Each option is exercisable for one common share at \$0.10. The fair value of the options were estimated on the date of the grant using the Black-Scholes option pricing model with the following assumptions: expected volatility of 100%; expected dividend yield of 0%; risk-free interest rate of 1.82%; and expected life of 5 year. The options were valued at \$68,475 and vested on the date of grant.

For the nine months ended September 30, 2013, stock option expense of \$68,503 (2012 - \$7,433) was charged to operations with an equivalent offset credited to contributed surplus to reflect the vested portion of the fair value of stock options granted. Stock-based compensation expense of \$56,128 (2012 - \$4,550) was related to directors and officers and \$12,375 (2012 - \$150) to consultants compensation.

As at September 30, 2013, the weighted average exercise price of options outstanding and options exercisable were as follows:

	September 30, 2013		December 31, 2012	
	Number	Weighted Average Exercise price	Number	Weighted Average Exercise price
<b>Outstanding – beginning of year</b>	<b>640,000</b>	<b>\$ 0.653</b>	<b>5,880,000</b>	<b>\$ 0.157</b>
Expired	-	-	(2,250,000)	\$ (0.152)
Granted	2,075,000	0.100	250,000	\$ 0.050
Share consolidation (note 9(b))	-	-	(3,104,000)	-
Expired	(70,000)	\$(1.400)	(136,000)	\$ (0.500)
<b>Outstanding – end of period</b>	<b>2,645,000</b>	<b>\$ 0.199</b>	<b>640,000</b>	<b>\$ 0.653</b>
<b>Exercisable – end of period</b>	<b>2,645,000</b>	<b>\$ 0.199</b>	<b>627,500</b>	<b>\$ 0.661</b>

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

#### 9. SHARE CAPITAL - continued

As at September 30, 2013, the Company had the following stock options outstanding:

Number of Options Outstanding	Exercise Price	Expiry Date	Number of Options Exercisable	Weighted Average Remaining Life
100,000	1.40	10-Nov-13	100,000	0.11
250,000	0.50	26-Oct-15	250,000	2.07
90,000	0.25	30-Sep-16	90,000	3.00
80,000	0.25	21-Nov-16	80,000	3.15
50,000	0.25	20-Apr-17	50,000	3.56
2,075,000	0.10	19-June-18	2,075,000	4.72
2,645,000			2,645,000	4.17

The weighted average fair value of options issued during the period was \$.033 (2012 - \$.011).

#### 10. LOSS PER COMMON SHARE

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

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2013	2012	2013	2012
Numerator:	\$	\$	\$	\$
Net (loss) income attributable to common shareholders				
- basic and diluted	(356,183)	(95,217)	(523,876)	189,914
Denominator:				
Weighted average common shares outstanding				
- basic	32,080,672	22,635,458	30,657,602	20,907,186
- fully diluted	38,565,872	25,886,124	37,142,802	24,157,852
Basic (loss) income per common share	(0.01)	(0.00)	(0.02)	0.01
Diluted (loss) income per common share	(0.01)	(0.00)	(0.01)	0.01

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

#### 11. FINANCIAL RISK FACTORS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures during the nine months ended September 30, 2013.

##### Credit risk

The Company's credit risk is primarily attributable to short-term investments included in cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Short-term investments consist of bankers acceptances, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Sales tax receivable consists of goods and services tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these items is remote.

## **RENFORTH RESOURCES INC.**

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

September 30, 2013

(Expressed in Canadian dollars)

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#### **11. FINANCIAL RISK FACTORS (continued)**

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##### **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 September 30, 2013, the Company had a cash and cash equivalent balance of \$68,038 (December 31, 2012 – \$540,172) to settle current financial liabilities of \$129,958 (December 31, 2012 - \$166,350).

##### **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 currency 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.

###### **(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.

##### **Sensitivity analysis**

The Company has designated its cash and cash equivalents and sales tax receivable as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, classified as other financial liabilities, are measured at amortized cost.

As at September 30, 2013 the carrying and fair value amounts of the Company's financial instruments are approximately the same.

The Company's financial instruments that are carried at fair value, consisting of cash equivalents have been classified as Level 1 within the fair value hierarchy.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a twelve month period.

Cash and cash equivalents include liquid investments which are at variable rates. Sensitivity to a plus or minus 1% change in rates would affect net loss by \$680 annualized based on the September 30, 2013 cash and cash equivalents balance.

The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

Price risk is remote since the Company is not a producing entity.

## RENFORTH RESOURCES INC.

### Notes to Condensed Interim Financial Statements

September 30, 2013

(Expressed in Canadian dollars)

## 12. COMMITMENTS AND OPTIONS

### Environmental Contingencies

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

- (a) See *note 7* for additional commitments and options on evaluation and exploration assets.  
(b) The Company renounced \$175,000 of qualifying exploration expenditures to the shareholders in 2012. Under the "look back" provision governing flow-through shares this amount must be spent by the end of 2013. As at September 30, 2013, the full amount has been spent.

## 13. SUPPLEMENTAL INFORMATION – STATEMENT OF CASH FLOWS

For the nine months ended September 30	2013	2012
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
<b>Non-Monetary Transactions:</b>		
Shares issued in accordance with property purchase agreement	\$ 100,000	\$ -
Shares issued on settlement of debt	\$ -	\$ 65,393
Shares issued in accordance with option agreement	\$ -	\$ 4,000

## 14. GENERAL AND CORPORATE EXPENSES

	Three months ended Sept. 30		Nine months ended Sept. 30	
	2013	2012	2013	2012
Management compensation	\$ 15,000	\$ 45,000	\$ 45,000	\$ 137,833
Legal and audit	3,094	25,651	34,164	84,461
Consulting services	688	7,500	2,738	25,000
Investor relations	7,500	-	20,000	25,000
Rent	2,534	3,800	10,134	11,401
Insurance	2,843	2,948	8,699	8,225
Transfer agent	2,766	3,733	3,801	5,103
Administrative and general	2,865	4,706	13,904	19,601
Stock exchange fees	1,500	1,000	4,500	3,900
Amortization	1,465	254	1,755	761
	\$ 40,255	\$ 94,592	\$ 144,695	\$ 321,285

## 15. SUBSEQUENT EVENT

On October 24, 2013, in accordance with its purchase agreement with Cadillac and the subsequent amending letter, Renforth issued 4,200,000 common shares to Cadillac (see note 7).