

---

**RUPERT RESOURCES LTD.**  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
FEBRUARY 28, 2018 AND 2017  
(EXPRESSED IN CANADIAN DOLLARS)

---

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Rupert Resources Ltd. (the "Company") are the responsibility of management and the Board of Directors.

The financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the reporting date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in compliance with all applicable International Financial Reporting Standards.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the years presented by the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

## Independent Auditors' Report

---

To the Shareholders of Rupert Resources Ltd:

We have audited the accompanying consolidated financial statements of Rupert Resources Ltd. and its subsidiary, which comprise the consolidated statements of financial position as at February 28, 2018 and, February 28, 2017, and the consolidated statements of loss and comprehensive loss, cash flows and changes in capital for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rupert Resources Ltd. as at February 28, 2018 and, February 28, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Ontario  
June 6, 2018

*MNP LLP*  
Chartered Professional Accountants  
Licensed Public Accountants



**Rupert Resources Ltd.**  
**Consolidated Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

As at	February 28, 2018	February 28, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 6)	\$ 5,487,407	\$ 14,239,421
Marketable securities (note 7)	192	48
Prepays and sundry receivables (note 8)	152,578	445,371
	5,640,177	14,684,840
<b>Non-current assets</b>		
Restricted cash (note 9)	1,237,437	902,055
Buildings and equipment (note 10)	2,689,033	1,453,714
Exploration and evaluation assets (note 11)	11,877,704	3,993,397
	\$ 21,444,351	\$ 21,034,006
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Amounts payable and accrued liabilities (notes 12 and 18)	\$ 1,084,014	\$ 1,498,523
<b>Non-current liabilities</b>		
Asset retirement obligation (note 13)	949,167	853,753
Convertible debentures (note 14)	6,384,880	5,661,968
	8,418,061	8,014,244
<b>Shareholders' Equity</b>		
Share capital (note 15)	36,106,781	36,034,997
Shares to be issued (note 22)	2,465,951	-
Contributed surplus (note 15)	3,707,511	1,152,940
Warrants (note 15)	-	6,619
Cumulative translation adjustment	818,385	(108,301)
Equity portion of convertible debentures (note 14)	1,716,066	1,716,066
Deficit	(31,788,404)	(25,782,559)
	13,026,290	13,019,762
<b>Total liabilities and shareholders' equity</b>	<b>\$ 21,444,351</b>	<b>\$ 21,034,006</b>

**Nature of Operations** (note 1)  
**Commitments and Contingencies** (note 20)  
**Subsequent Events** (note 22)

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

---

**Rupert Resources Ltd.****Consolidated Statements of Loss and Comprehensive Loss**  
**(Expressed in Canadian Dollars)**

---

	Year Ended February 28,	
	2018	2017
<b>Operating expenses</b>		
General and administrative expenses (note 16)	\$ 2,327,370	\$ 1,446,893
Share-based payments (note 15)	2,579,571	1,083,050
<b>Loss before other items</b>	<b>(4,906,941)</b>	<b>(2,529,943)</b>
Depreciation	(78)	(111)
Unrealized gain (loss) on marketable securities	144	(36)
Accretion and interest expense (note 14)	(1,108,287)	(483,408)
Other Income	9,317	-
<b>Net loss before income taxes</b>	<b>\$ (6,005,845)</b>	<b>\$ (3,013,498)</b>
Deferred income tax recovery (note 21)	-	618,718
<b>Net loss for the year</b>	<b>(6,005,845)</b>	<b>(2,394,780)</b>
<b>Other comprehensive loss</b>		
Item that will be reclassified subsequently to income		
Exchange differences on translating foreign operations	926,686	(108,301)
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (5,079,159)</b>	<b>\$ (2,503,081)</b>
<b>Basic and diluted net loss per share (note 17)</b>	<b>\$ (0.06)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding - basic and diluted (note 17)</b>	<b>101,083,455</b>	<b>82,505,131</b>

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

**Rupert Resources Ltd.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian Dollars)

Year Ended February 28,	2018	2017
<b>Operating activities</b>		
Net loss for the year	\$ (6,005,845)	\$ (3,013,498)
Adjustments for:		
Share-based payments - vesting of Black-Scholes value of options granted	2,579,571	1,083,050
Unrealized gain (loss) on marketable securities	(144)	36
Depreciation	78	111
Exchange differences on translating foreign operations	469,408	(108,301)
Accretion expense - convertible debentures	722,912	361,267
Changes in non-cash working capital items:		
Prepays and sundry receivables	292,793	(438,803)
Amounts payable and accrued liabilities	(414,509)	1,451,075
	<b>(2,355,736)</b>	<b>(665,063)</b>
<b>Financing activities</b>		
Proceeds from exercise of warrants	22,665	690,667
Proceeds from exercise of options	17,500	124,000
Proceeds from private placement	-	12,034,999
Proceeds collected for shares to be issued	2,465,951	-
Share issuance costs	-	(284,111)
Proceeds from convertible debentures	-	7,635,485
	<b>2,506,116</b>	<b>20,201,040</b>
<b>Investing activities</b>		
Expenditure on exploration and evaluation assets	(7,494,051)	(3,807,452)
Deposits for restricted cash	(335,382)	(902,055)
Purchase of buildings and equipment	(1,072,961)	(599,700)
	<b>(8,902,394)</b>	<b>(5,309,207)</b>
<b>Net change in cash</b>	<b>(8,752,014)</b>	<b>14,226,770</b>
<b>Cash, beginning of year</b>	<b>14,239,421</b>	<b>12,651</b>
<b>Cash, end of year</b>	<b>\$ 5,487,407</b>	<b>\$ 14,239,421</b>

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

## Rupert Resources Ltd.

### Consolidated Statements of Changes in Capital (Expressed in Canadian Dollars)

	Share Capital	Shares to be issued	Cumulative Translation Adjustment	Contributed Surplus	Warrants	Convertible Debentures	Deficit	Total
Balance, February 28, 2017	\$ 36,034,997	\$ -	\$ (108,301)	\$ 1,152,940	\$ 6,619	\$ 1,716,066	\$(25,782,559)	\$ 13,019,762
Shares to be issued (note 22)	-	2,465,951	-	-	-	-	-	2,465,951
Warrants exercised	29,284	-	-	-	(6,619)	-	-	22,665
Stock options exercised	42,500	-	-	(25,000)	-	-	-	17,500
Share-based payments (notes 15 and 18)	-	-	-	2,579,571	-	-	-	2,579,571
Net loss and comprehensive loss for the year	-	-	926,686	-	-	-	(6,005,845)	(5,079,159)
<b>Balance, February 28, 2018</b>	<b>\$ 36,106,781</b>	<b>\$ 2,465,951</b>	<b>\$ 818,385</b>	<b>\$ 3,707,511</b>	<b>\$ -</b>	<b>\$ 1,716,066</b>	<b>\$(31,788,404)</b>	<b>\$ 13,026,290</b>
<b>Balance, February 29, 2016</b>	<b>\$ 23,370,816</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 175,135</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(23,387,779)</b>	<b>\$ 158,172</b>
Private placement	11,543,106	-	-	-	207,782	-	-	11,750,888
Warrants exercised	891,830	-	-	-	(201,163)	-	-	690,667
Stock options exercised	229,245	-	-	(105,245)	-	-	-	124,000
Share-based payments	-	-	-	1,083,050	-	-	-	1,083,050
Convertible debenture	-	-	-	-	-	1,716,066	-	1,716,066
Net loss and comprehensive loss for the year	-	-	(108,301)	-	-	-	(2,394,780)	(2,503,081)
<b>Balance, February 28, 2017</b>	<b>\$ 36,034,997</b>	<b>\$ -</b>	<b>\$ (108,301)</b>	<b>\$ 1,152,940</b>	<b>\$ 6,619</b>	<b>\$ 1,716,066</b>	<b>\$(25,782,559)</b>	<b>\$ 13,019,762</b>

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

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**1. Nature of Operations**

Rupert Resources Ltd. (the "Company" or "Rupert") is a company incorporated under the laws of the Province of British Columbia. The Company is currently seeking out viable mineral exploration and evaluation opportunities and has two primary projects located in Ontario and Finland. The business of exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration programs will result in profitable mining operations. The Company's primary office is The Canadian Venture Building, 82 Richmond St East, Suite 202, Toronto, Ontario M5C 1P1.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and has a cumulative deficit of \$31,788,404 as at February 28, 2018 (February 28, 2017 - \$25,782,559).

The Company's outstanding common shares trade on the TSX Venture Exchange under the symbol RUP. As at February 28, 2018, an investor of the Company, Alan Brimacombe, controlled 19,817,800 common shares of the Company or approximately 19.58% of the total common shares outstanding. To the knowledge of directors and officers of Rupert, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

In June 2016, Company incorporated a wholly owned subsidiary, Rupert Finland Oy.

**2. Significant Accounting Policies**

*(a) Statement of Compliance*

These financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the years ended February 28, 2018 and February 28, 2017.

The Board of Directors approved the financial statements on June 1, 2018.



---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

*(b) Basis of Consolidation*

These financial statements incorporate the financial statements of the Company and its wholly owned subsidiary, Rupert Finland Oy. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

*(c) Basis of Presentation*

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

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note o below.

*(d) Business Combinations*

Business combinations are accounted for under the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Company, if any, at the date control is obtained. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than share and debt issue costs incurred to issue financial instruments that form part of the consideration transferred, are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. If a business combination is achieved in stages, the Company remeasures its previously held interest in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in net income. Contingent consideration is classified as a provision and is measured at fair value, with subsequent changes recognized in income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity. New information obtained during the measurement period, up to 12 months following the acquisition date, about facts and circumstances existing at the acquisition date affect the acquisition accounting.

*(e) Financial assets and liabilities*

The Company's financial instruments consist of the following:

---

**Financial assets:**

Cash and cash equivalents  
Restricted cash  
Marketable securities

**Classification:**

Loans and receivables  
Loans and receivables  
Fair value through profit and loss ("FVTPL")

---

**Financial liabilities:**

Amounts payable and accrued liabilities  
Convertible debentures

**Classification:**

Other financial liabilities  
Other financial liabilities

---

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

*(e) Financial assets and liabilities (continued)*

Fair value through profit and loss:

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statements of loss and comprehensive loss. The Company does not currently hold any derivative instruments or apply hedge accounting.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the instrument or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled, or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

*(e) Financial assets and liabilities (continued)*

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of February 28, 2018 and February 28, 2017, except for marketable securities, none of the Company's financial instruments are recorded at fair value in the statements of financial position. Marketable securities are classified as Level 1.

*(f) Impairment of non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment.

*(g) Exploration and evaluation expenditures*

Exploration and evaluation assets include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. All costs related to the acquisition, exploration and development of mineral properties are capitalized by property as an intangible asset. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in the profit and loss statement.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

*(h) Buildings and Equipment*

Buildings and equipment are carried at cost less accumulated depreciation and any recognized impairment loss. Cost includes expenditures directly attributable with bringing the asset to its operating location and condition. Depreciation of buildings and equipment used in exploration and evaluation activities is expensed. When the Company commences development activities, depreciation of buildings and equipment used for development activities will be capitalized in Mineral Properties. Depreciation is computed using the declining-balance method at rates varying from 10% to 40%.

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

(j) *Provisions*

i) *Environmental rehabilitation provisions*

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit and loss statement.

ii) *Other provisions*

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions as at February 28, 2018 and February 28, 2017.

(j) *Finance costs*

Costs incurred on the issuance of the Company's equity instruments are charged directly to the respective equity account.

(k) *Flow-through shares*

Flow-through shares are a unique Canadian tax incentive. They are the subject of specific guidance under US GAAP, but there is no equivalent IFRS guidance. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred premium on flow-through shares liability is recognized for the premium paid by the investors. The premium is credited to other liabilities and included in income at the time the qualifying expenditures are made. A deferred tax liability is recognized in accordance with IAS 12, Income Taxes, for the tax base of the properties less the amount renounced.

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

*(l) Share-based payment transactions*

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The fair value of share-based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company is required to measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

If and when the stock options are exercised, the applicable amounts of reserves are transferred to share capital. When vested options are forfeited or not exercised at the expiry date the amount previously recognized in share-based payments is revised from share-based payment reserve to deficit. Amounts recorded for forfeited or expired unexercised warrants are transferred to share capital.

*(m) Income taxes*

Income tax on the profit or loss for the year presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize the excess.

*(n) Loss per share*

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

(o) *Significant accounting judgments and estimates*

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions 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 estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made 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:

- *Capitalization of exploration and evaluation costs:*  
Management has determined that exploration and evaluation costs incurred during the year have future economic benefits and are economically recoverable. In making this judgment, management has assessed various sources of information including but not limited to the geologic and metallurgic information, history of conversion of mineral deposits to proven and probable mineral reserves, scoping and feasibility studies, proximity of operating facilities, operating management expertise and existing permits. See Note 11 for details of capitalized exploration and evaluation costs.
- *Impairment / reversal of impairment of exploration and evaluation assets:*  
While assessing whether any indications of impairment or reversal of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mineral properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgment and may to a large extent, depend upon the selection of key assumptions about the future. Impairment is reversed, as applicable, to the extent that conditions for impairment are no longer present.
- *Estimation of decommissioning and restoration costs and the timing of expenditure:*  
Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

*(o) Significant accounting judgments and estimates (continued)*

Critical accounting estimates (continued)

- *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 non-vested 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 behaviours and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Critical accounting judgments

The categorization of financial assets and liabilities and functional currency determination are accounting policies that requires management to make judgments or assessments.

*(p) Foreign Currencies*

The functional currency of the Company is the Canadian Dollar. The functional currency of the Company's wholly owned subsidiary, Rupert Finland Oy is the European Euro. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income (loss) and in the cumulative transaction adjustment in shareholders' equity.

*(q) New Accounting Policies*

IAS 7 Amendment - Statement of Cash Flows ("IAS 7") requires an entity to present a statement of cash flows as an integral part of its primary financial statements. Cash flows are classified and presented into operating activities (either using the "direct" or "indirect" method), investing activities and financing activities, with the latter two categories generally presented on a gross basis. The amendments require additional disclosures with respect to changes in liabilities arising from financing activities. At March 1, 2017, the Company adopted IAS 7 Amendment and there was no material impact on the Company's financial statements.

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**2. Significant Accounting Policies (continued)**

*(r) Future Accounting Pronouncements*

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. 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, 2018. Earlier adoption is permitted. The Company has determined the impact of adoption will have an insignificant impact on the Company's consolidated financial statements.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16"). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Company is currently assessing the impact of adopting IFRS 16 on the consolidated financial statements.

There are no other relevant IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

**3. Capital Risk Management**

The Company manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to conduct exploration of its property interests, search for and evaluate potential business opportunities and to meet its ongoing administrative costs. The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at February 28, 2018, totaled \$13,026,290 (February 28, 2017 - \$13,019,762).

This is achieved by the Board of Directors' review and acceptance of budgets that are achievable within existing resources and the timely matching and release of expenditures with the resources made available from private placements or other fund raisings.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of February 28, 2018, the Company is compliant with Policy 2.5.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the years ended February 28, 2018 and February 28, 2017.



---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**4. Financial Risk Management**

(i) Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

(ii) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal. The Company also believes risk of loss related to the other receivable balance is minimal.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at February 28, 2018 the Company had cash of \$5,487,407 (February 28, 2017 - \$14,239,421) to settle current liabilities of \$1,084,014 (February 28, 2017 - \$1,498,523). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(iv) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity price risk.

(a) Interest rate risk

The Company has cash balances and only fixed interest-bearing debt (see note 14). The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy. Management believes interest rate risk to be minimal.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar but is exposed to foreign currency risk with respect to the expenditures incurred by its Finland subsidiary.

(c) Equity price risk

The Company is exposed to price risk with respect to equity and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market in general to determine the appropriate course of action to be taken by the Company.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**4. Financial Risk Management (continued)**

(v) Sensitivity analysis

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:

(a) The Company has no debt with variable interest rates. Sensitivity to a plus or minus one percentage point change in interest rates would not have a significant impact on the reported net loss and comprehensive loss.

(b) The Company's investment in the common shares of Cuba Ventures Corp. is subject to fair value fluctuations (included in 'marketable securities'). As at February 28, 2018 and February 28, 2017, sensitivity to a plus or minus 10% change in the quoted market price of Cuba Ventures Corp. common shares, with all other variables held constant, would not have a significant impact on the reported net loss and comprehensive loss.

(c) The Company has a subsidiary with balances denominated in European Euro. Sensitivity to a plus or minus five percentage point change in exchange rates would lead to a \$32,731 gain/loss in the reported net loss and comprehensive loss for the year ended February 28, 2018.

**5. Categories of Financial Instruments**

As at	February 28, 2018	February 28, 2017
<b>Financial assets:</b>		
Loans and receivables		
Cash and cash equivalents	\$ 5,487,407	\$ 14,239,421
Restricted cash	1,237,437	902,055
<b>FVTPL</b>		
Marketable securities	\$ 192	\$ 48
<b>Financial liabilities:</b>		
Other financial liabilities		
Amounts payable and accrued liabilities	\$ 1,084,014	\$ 1,498,523
Convertible debentures	\$ 6,384,880	\$ 5,661,968

As at February 28, 2018 and February 28, 2017, the fair value of the Company's financial instruments approximates the carrying value due to the short-term nature of the instruments and the fair value of the Company's convertible debentures approximates the carrying value due to the timeframe to maturity as set out in note 14.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**6. Cash and Cash Equivalents**

	<b>As at February 28, 2018</b>	As at February 28, 2017
Cash	<b>\$ 5,387,407</b>	\$ 14,189,421
Guaranteed investment certificates ("GIC's")	<b>100,000</b>	50,000
<b>Total</b>	<b>\$ 5,487,407</b>	<b>\$ 14,239,421</b>

The GIC's earn interest at 0.5%, mature one year from the date of purchase and provide security for the Company's credit cards.

**7. Marketable Securities**

	<b>As at February 28, 2018</b>	As at February 28, 2017
Cuba Ventures Corp. - 1,200 common shares	<b>\$ 192</b>	\$ 48

**8. Prepaids and Amounts Receivable**

	<b>As at February 28, 2018</b>	As at February 28, 2017
Prepaid expenses and sundry receivables	<b>\$ 43,424</b>	\$ 141,008
Sales tax receivable	<b>109,154</b>	304,363
	<b>\$ 152,578</b>	<b>\$ 445,371</b>

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**9. Restricted cash**

In connection with the acquisition of the Pahtavaara Gold Mine, the Company purchased environmental bonds of EURO640,000 in July of 2016. In March 2017 and October 2017, the Company purchased additional environmental bonds of EURO30,000 and EURO60,000. The sole purpose of these bonds is for settling the future restoration obligations of the Pahtavaara Gold Mine (note 13). The bonds are not interest-bearing and have no maturity date. This cash is not available for general corporate purposes.

In March 2017, the Company paid a EURO 60,000 deposit with a utility company to protect them against the risk of default.

**10. Buildings and equipment**

	Computers	Equipment and Machinery	Buildings	Vehicles	Office Furniture	Total
<b>Year ended February 28, 2017</b>						
At February 29, 2016	\$ 372	\$ -	\$ -	\$ -	\$ -	\$ 372
Additions	5,710	442,502	902,334	100,009	2,898	1,453,453
Depreciation	(111)	-	-	-	-	(111)
	\$ 5,971	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$ 1,453,714
At February 28, 2017						
Cost	\$ 6,969	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$ 1,454,712
Accumulated depreciation	(998)	-	-	-	-	(998)
Net book value at February 28, 2017	\$ 5,971	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$ 1,453,714
<b>Year ended February 28, 2018</b>						
At February 28, 2017	\$ 5,971	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$ 1,453,714
Additions	-	1,072,961	-	-	-	1,072,961
Foreign exchange differences	638	49,454	100,844	11,177	323	162,436
Depreciation	(78)	-	-	-	-	(78)
<b>At February 28, 2018</b>	<b>\$ 6,531</b>	<b>\$ 1,564,917</b>	<b>\$ 1,003,178</b>	<b>\$ 111,186</b>	<b>\$ 3,221</b>	<b>\$ 2,689,033</b>
At February 28, 2018						
Cost	\$ 7,607	\$ 1,564,917	\$ 1,003,178	\$ 111,186	\$ 3,221	\$ 2,690,109
Accumulated depreciation	(1,076)	-	-	-	-	(1,076)
<b>Net book value at February 28, 2018</b>	<b>\$ 6,531</b>	<b>\$ 1,564,917</b>	<b>\$ 1,003,178</b>	<b>\$ 111,186</b>	<b>\$ 3,221</b>	<b>\$ 2,689,033</b>

Depreciation has not been charged on buildings and equipment pending a decision by the Board of the Company on recommencement of production at the Pahtavaara mine.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**11. Exploration and Evaluation Assets**

The Company's exploration and evaluation assets consist of the following:

	<b>Gold Centre Property</b>	<b>Pahtavaara Gold Mine</b>	<b>Total</b>
Balance, February 28, 2017	\$ 185,945	\$ 3,807,452	\$ 3,993,397
<u>Acquisition Costs</u>			
Claim staking	-	47,127	47,127
Property taxes	-	13,510	13,510
Licenses and permits	-	462,890	462,890
	\$ 185,945	\$ 4,330,979	\$ 4,516,924
<u>Exploration and Evaluation Costs</u>			
Assays	\$ -	\$ 780,490	\$ 780,490
Geological consulting	-	472,751	472,751
Consulting	-	68,585	68,585
Geophysics	-	33,929	33,929
Drilling	-	2,706,643	2,706,643
Equipment rental	-	41,797	41,797
Transportation	-	29,818	29,818
Fuel	-	27,221	27,221
Reports	-	7,193	7,193
Utilities	-	511,591	511,591
Equipment	-	63,233	63,233
Salary	-	2,196,336	2,196,336
Surveying	-	30,937	30,937
Foreign exchange differences	-	390,256	390,256
<b>Balance, February 28, 2018</b>	<b>185,945</b>	<b>11,691,759</b>	<b>11,877,704</b>

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**11. Exploration and Evaluation Assets (continued)**

	Gold Centre Property	Pahtavaara Gold Mine	Total
Balance, February 29, 2016	\$ 185,945	\$ -	\$ 185,945
<u>Acquisition Costs</u>			
Property taxes	-	819	819
Licenses and permits	-	7,195	7,195
	\$ 185,945	\$ 8,014	\$ 193,959
<u>Exploration and Evaluation Costs</u>			
Assays	\$ -	\$ 353,557	\$ 353,557
Geological consulting	-	342,842	342,842
Consulting	-	44,837	44,837
Geophysics	-	78,136	78,136
Drilling	-	1,726,498	1,726,498
Equipment rental	-	15,311	15,311
Transportation	-	21,458	21,458
Field expenditures	-	33,087	33,087
Travel	-	8,807	8,807
Utilities	-	259,655	259,655
Equipment	-	98,339	98,339
Salaries	-	810,749	810,749
Surveying	-	6,162	6,162
Balance, February 28, 2017	\$ 185,945	\$ 3,807,452	\$ 3,993,397

**Pahtavaara Gold Mine**

On August 30, 2016, the Company exercised the option with the bankruptcy estate of Lapland Goldminers Oy to acquire the Pahtavaara gold mine, mill and exploration permits and concessions that represent a 124km<sup>2</sup> land package in Finland in the Central Lapland Greenstone Belt. The purchase price for the acquisition is US\$2,500,000, structured as a US\$500,000 cash payment which was made upon the completion of the acquisition in November 2016 and a 1.5% production royalty, capped at US\$2,000,000, payable on go-forward revenues generated when gold production resumes. The Company accounted for the acquisition as a business combination. The production royalty, which is considered contingent consideration, was valued at \$nil on the date of acquisition and as at February 28, 2018. The purchase price allocation is set out as follows:

Cash paid	<u>\$ 660,479</u>
Allocation of purchase price:	
Plant, property and equipment	\$ 1,453,453
Mining property	60,779
Asset retirement obligation	<u>(853,753)</u>
Total	<u>\$ 660,479</u>

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**12. Amounts Payable and Accrued Liabilities**

	<b>As at February 28, 2018</b>	<b>As at February 28, 2017</b>
Trade payables	<b>\$ 386,606</b>	\$ 1,000,411
Accrued liabilities	<b>697,408</b>	498,112
	<b>\$ 1,084,014</b>	<b>\$ 1,498,523</b>

**13. Asset retirement obligation**

Balance - February 29, 2016	\$ -
Increase in restoration provision	853,753
Balance - February 28, 2017	\$ 853,753
Foreign exchange adjustment	95,414
<b>Balance - February 28, 2018</b>	<b>\$ 949,167</b>

On August 30, 2016, as part of the acquisition of the Pahtavaara Gold Mine, the Company recognized obligations for future site restoration. Although the ultimate amount of the future site restoration is uncertain, the fair value of the obligation was based on information currently available, including disturbances made to date, closure plans and applicable regulations. The amounts and timing of the closure plans will vary depending on a number of factors including alternative mine plans.

The total undiscounted amount of estimated future cash flows required to settle obligations related to the Pahtavaara were EURO640,000 (\$949,167). The estimated future cash flows have been discounted using the Finland 10 year government bond yield, at the time the liability was estimated, at 0.483%.

These obligations are expected to be settled at the end of the mine life which is estimated to be 10 years.

Refer to note 9 for assets pledged and restricted for the purposes of settling future site restoration obligations.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**14. Convertible Debentures**

On September 6, 2016, the Company issued unsecured convertible debentures with a total principal amount of \$7,707,500. Total transaction costs of \$72,015 were incurred on the issuance. The debentures were to mature on September 6, 2019 and bore interest at an annual rate of 5%, payable on a semi-annual basis. The convertible debentures will be convertible into common shares of the Company at the option of the holder prior to maturity, at a price of \$0.95 per common share.

After 12 months after the issue date of the convertible debentures, the Company has the option to repay the principal amounts of the convertible debentures in common shares provided certain circumstances are met, including that the 30 trading day volume weighted average price of the common shares is equal to or greater than 170% of the conversion price of \$0.95.

The Company used the residual value method to allocate the principal amount of the convertible debentures between the liability and equity components. The Company valued the debt component of the convertible debentures by calculating the present value of the principal and interest payments, discounted at a rate of 18%, being management's best estimate of the rate that a non-convertible debenture with similar terms would bear. The equity conversion feature of the convertible debentures comprise the value of the conversion option, being the difference between the face value of the convertible debentures and the liability element calculated above. Based on this calculation, the liability component was \$5,300,700 (\$5,350,695 net of transaction costs) and the residual equity component was \$1,716,066. Net accretion charges attributable to the convertible debentures for the year ended February 28, 2018 was \$722,912 (2017 - \$361,267). This amount is added to the liability component on the statements of financial position and is included in accretion expense on the statements of loss and comprehensive loss.

Balance - February 29, 2016	\$ -
Loan	5,300,701
Add: accretion for the year	483,408
Less: Interest paid in the year	(122,141)
Balance - February 28, 2017	\$ 5,661,968
Add: accretion for the year	(1,108,287)
Less: Interest paid in the year	\$ (385,375)
<b>Balance - February 28, 2018</b>	<b>\$ 4,168,306</b>



**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**15. Share Capital and Reserves**

Authorized Share Capital

The authorized share capital of the Company is an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. All issued shares, consisting only of common shares are fully paid.

Issued Share Capital

As at February 28, 2018, the issued share capital amounted to \$36,106,781. There were the following changes in issued share capital for the year ended February 28, 2018:

	<b>Number of Common Shares</b>	<b>Amount</b>
Balance, February 28, 2017	100,737,215	\$ 36,034,997
Warrants exercised	377,777	29,284
Stock options exercised	100,000	42,500
<b>Balance, February 28, 2018</b>	<b>101,214,992</b>	<b>\$ 36,106,781</b>
Balance, February 29, 2016	58,317,137	\$ 23,370,816
Private placement <sup>(1)(2)</sup>	29,470,081	11,827,217
Warrants exercised	11,399,997	891,830
Stock options exercised	1,550,000	229,245
Share issue costs	-	(284,111)
Balance, February 28, 2017	100,737,215	\$ 36,034,997

<sup>(1)</sup> On March 3, 2016, the Company completed a non-brokered private placement of 11,111,108 units (the "Unit") and 666,666 units (the "Additional Unit"), at a price of \$0.045 and \$0.0525 per unit, respectively. Each Unit and Additional Unit consists of one common share in the capital of the Company and one common share purchase warrant. Each Unit and Additional Unit warrant entitles the holder to acquire one common share of the Company until September 5, 2017, at an exercise price of \$0.06 with a Unit warrant and \$0.07 with an Additional Unit warrant.

The fair value of the Unit and Additional Unit warrants at issue date was \$194,656 and \$13,125, respectively, as calculated using a relative fair value method based on the Black-Scholes option pricing model with the following assumptions: a 18 months expected average life; share price of \$0.08; 130% expected volatility; risk free interest rate of 0.51%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the warrants.

<sup>(2)</sup> On December 12, 2016, the Company completed a non-brokered private placement of 17,692,307 units at a price of \$0.65 per unit for gross proceeds of \$11,500,000. Finder's fees of \$203,865 were paid in this transaction.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**15. Share Capital and Reserves (continued)**

Stock Options

The Company has an incentive stock option plan in place under which it is authorized to grant options to directors and employees to acquire up to 10% of the Company's issued and outstanding common shares. Under the plan, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount. The options can be granted for a maximum term of 5 years and vesting periods are determined by the Board of Directors.

The following table reflects the continuity of stock options for the year ended February 28, 2018 and February 28, 2017:

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, February 28, 2017	6,165,000	0.30
Expired	(200,000)	1.08
Granted <sup>(1)(2)</sup>	2,450,000	1.02
Exercised	(100,000)	0.175
<b>Balance, February 28, 2018</b>	<b>8,315,000</b>	<b>0.49</b>
Balance, February 29, 2016	2,300,000	0.09
Exercised	(1,550,000)	0.08
Granted <sup>(3)(4)(5)</sup>	5,415,000	0.33
Balance, February 28, 2017	6,165,000	0.30

<sup>(1)</sup> On April 18, 2017, the Company granted 200,000 stock options at a price of \$1.08 per share, expiring on April 18, 2019. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$1.32; 122% expected volatility; risk-free interest rate of 0.98%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was \$223,800. The options will vest 1/4 on July 18, 2017, 1/4 on October 18, 2017, 1/4 on January 18, 2018 and 1/4 on April 18, 2018. These options expired on November 8, 2017.

<sup>(2)</sup> On April 18, 2017, the Company granted 2,250,000 stock options at a price of \$1.01 per share, expiring on April 18, 2022. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$1.32; 122% expected volatility; risk-free interest rate of 0.98%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was \$2,533,500. The options will vest 1/2 on each of the 12 and 24 month anniversaries of the date of grant.

<sup>(3)</sup> On March 24, 2016, the Company granted 3,740,000 stock options at a price of \$0.175 per share, expiring on March 24, 2021. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$0.28; 133% expected volatility; risk-free interest rate of 0.73%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was \$935,000. The options will vest 1/2 on each of the 12 and 24 month anniversaries of the date of grant.

<sup>(4)</sup> On June 10, 2016, the Company granted 825,000 stock options at a price of \$0.56 per share, expiring on June 10, 2021. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$0.75; 132% expected volatility; risk-free interest rate of 0.57%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was \$545,325. The options will vest 1/2 on each of the 12 and 24 month anniversaries of the date of grant.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**15. Share Capital and Reserves (continued)**

Stock Options (continued)

<sup>(5)</sup> On November 9, 2016, the Company granted 850,000 stock options at a price of \$0.76 per share, expiring on November 9, 2021. The fair value of these options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of \$0.79; 130% expected volatility; risk-free interest rate of 0.82%; and an expected dividend yield of 0%. Volatility is calculated based on the changes in historical stock prices over the expected life of the options. The fair value assigned to these options was \$578,000. The options will vest 1/2 on each of the 12 and 24 month anniversaries of the date of grant.

For the year ended February 28, 2018, the impact on share-based compensation was \$2,579,571 (year ended February 28, 2017 - \$1,083,050).

The following table reflects the actual stock options issued and outstanding as of February 28, 2018:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>	<b>Number of Options Vested (exercisable)</b>	<b>Number of Options Unvested</b>
January 10, 2019	0.08	0.87	500,000	500,000	-
May 20, 2019	0.18	1.22	250,000	250,000	-
March 24, 2021	0.175	3.07	3,640,000	1,870,000	1,770,000
June 10, 2021	0.56	3.28	825,000	412,500	412,500
November 9, 2021	0.76	3.70	850,000	425,000	425,000
April 22, 2022	1.01	4.14	2,250,000	-	2,250,000
	<b>0.49</b>	<b>3.26</b>	<b>8,315,000</b>	<b>3,457,500</b>	<b>4,857,500</b>

Warrants

The following table reflects the continuity of warrants for the year ended February 28, 2018 and February 28, 2017:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, February 28, 2017	377,777	0.06
Exercised	(377,777)	0.06
<b>Balance, February 28, 2018</b>	<b>-</b>	<b>-</b>
Balance, February 29, 2016	-	
Granted	11,777,774	0.06
Exercised	(11,399,997)	0.06
Balance, February 28, 2017	377,777	0.06

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**16. General and Administrative Expenses**

	Year Ended February 28,	
	2018	2017
Consulting	\$ 22,210	\$ 84,735
Office and sundry	738,005	424,036
Professional fees	224,702	222,665
Investigation of prospective property interests	852	25,355
Regulatory fees	12,592	972
Salaries and benefits (note 18)	755,480	210,941
Shareholder communications	4,148	1,309
Transfer agent	118,001	42,925
Travel	451,380	433,955
	<b>\$ 2,327,370</b>	<b>\$ 1,446,893</b>

**17. Net Loss Per Common Share**

The calculation of basic and diluted loss per share for the year ended February 28, 2018 was based on the loss attributable to common shareholders of \$6,005,845 (year ended February 28, 2017 - \$2,394,780) and the weighted average number of common shares outstanding of 101,083,455 for the year ended February 28, 2018 (year ended February 28, 2017 - 82,505,131). Diluted loss per share did not include the effect of 8,315,000 stock options (year ended February 28, 2017 - 6,165,000) or nil warrants (year ended February 28, 2017 - 377,777) as they are anti-dilutive.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**18. Related Party Transactions**

Remuneration of directors and key management personnel of the Company was as follows:

	<b>Year Ended February 28,</b>	
	<b>2018</b>	<b>2017</b>
Remuneration paid to Executive Chairman <sup>(1)(2)</sup>	\$ <b>231,234</b>	\$ 161,028
Remuneration paid to CEO <sup>(3)</sup>	<b>271,922</b>	-
Remuneration paid to CFO <sup>(4)</sup>	<b>36,508</b>	-
Share-based payments - Black-Scholes value	<b>1,794,547</b>	471,005
Marrelli Support Services Inc. <sup>(5)</sup>	<b>38,258</b>	33,567
Gowling WLG (Canada) LLP <sup>(6)</sup>	<b>83,621</b>	132,801

<sup>(1)</sup> The Board of Directors do not have employment or services contracts with the Company.

<sup>(2)</sup> The Company entered into an agreement with the Executive Chairman of the Company to pay him a monthly consulting fee of US\$10,000 effective March 1, 2016, the monthly fee was increased to US\$16,000 on January 1, 2017. During the year ended February 28, 2018, \$231,234 (year ended February 28, 2017 - \$161,028) was expensed as salaries and benefits. The Executive Chairman ceased to receive a monthly fee from the Company from January 1, 2018. As at February 28, 2018, the Executive Chairman was owed \$nil for salaries and reimbursable expenses (February 28, 2017 - \$29,218) and this amount was included in amounts payable and accrued liabilities.

<sup>(3)</sup> The Company entered into an agreement with the Chief Executive Officer of the Company to pay him a monthly base salary of GBP15,352 effective April 18, 2017, and was increased to GBP15,454 after 4 months. During the year ended February 28, 2018, \$271,922 (year ended February 28, 2017 - \$nil) was expensed as salaries. As at February 28, 2018, the Chief Executive Officer was owed \$118 for salaries and reimbursable expenses (February 28, 2017 - \$nil) and this amount was included in amounts payable and accrued liabilities.

<sup>(4)</sup> The Company entered into an agreement with the Chief Financial Officer of the Company to pay him a monthly base salary of GBP5,833. During the year ended February 28, 2018, \$36,508 (year ended February 28, 2017 - \$nil) was expensed as salaries. As at February 28, 2018, the Chief Financial Officer was owed \$973 for salaries and reimbursable expenses (February 28, 2017 - \$nil) and this amount was included in amounts payable and accrued liabilities.

<sup>(5)</sup> On July 1, 2012, Rupert entered into an accounting support services agreement with MSSSI where under MSSSI provided, beginning July 1, 2012, certain accounting support services. On October 22, 2012, in connection with such agreement with MSSSI, Rupert retained Mr. Robert D. B. Suttie, Vice President of MSSSI, as its Chief Financial Officer. On November 7, 2017, Mr. Robert D. B. Suttie resigned as Chief Financial Officer and stayed involved with the Company until his appointment as director on November 21, 2017. During the year ended February 28, 2018, \$38,258 (year ended February 28, 2017 - \$33,567) was expensed with respect to the services provided. As at February 28, 2018, MSSSI was owed \$5,773 (February 28, 2017 - \$5,203). These amounts are included in amounts payable and accrued liabilities.

<sup>(6)</sup> During the year ended February 28, 2018, legal fees and reimbursements of \$83,621 (year ended February 28, 2017 - \$132,801) were paid to a legal firm, a partner of which was the Company's Corporate Secretary until December 2017. Included in accounts payable and accrued liabilities is \$42,881 (February 28, 2017 - \$29,042) pertaining to these fees and ancillary expense reimbursements.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors.

Amounts due to related parties are non-interest bearing, unsecured and due on demand.

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**19. Segment Information**

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Finland.

The following table summarizes the total assets and liabilities by geographic segment as at:

<b>At February 28, 2018</b>	<b>Finland</b>	<b>Canada</b>
Cash and cash equivalents	181,571	5,305,773
Other current assets	97,844	54,988
Restricted cash	1,237,437	-
Buildings and equipment	2,688,851	182
Exploration and evaluation assets	11,007,118	870,587
<b>Total assets</b>	<b>15,212,821</b>	<b>6,231,530</b>
Accounts payable and accrued liabilities	836,195	247,819
Asset retirement obligation	949,167	-
Convertible debentures	-	6,384,880
<b>Total liabilities</b>	<b>1,785,362</b>	<b>6,632,699</b>
<b>Year Ended February 28, 2018</b>		
Operating expenses	710,890	4,182,097
Other expenses	(9,317)	1,108,221
Deferred Income tax recovery	-	(618,718)
<b>Net loss for the year</b>	<b>701,573</b>	<b>4,671,600</b>
<b>At February 28, 2017</b>	<b>Finland</b>	<b>Canada</b>
Cash and cash equivalents	49,617	14,169,567
Other current assets	270,317	65,144
Restricted cash	641,302	-
Buildings and equipment	1,033,310	260
Exploration and evaluation assets	2,487,660	494,254
<b>Total assets</b>	<b>4,482,206</b>	<b>14,729,225</b>
Accounts payable and accrued liabilities	863,244	255,242
Asset retirement obligation	606,962	-
Convertible debentures	-	5,661,968
<b>Total liabilities</b>	<b>1,470,206</b>	<b>255,242</b>
<b>Year Ended February 28, 2017</b>		
Operating expenses	319,449	2,041,757
Other expenses	-	483,555
Deferred Income tax recovery	-	(618,718)
<b>Net loss for the year</b>	<b>319,449</b>	<b>1,906,594</b>

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

**20. Commitments and Contingencies**

The Company's operations are subject to government environmental protection legislation. Environmental consequences are difficult to identify in terms of results, timetable and impact.

At this time, to management's best knowledge, the Company's operations are in compliance with current laws and regulations.

**21. Income Taxes**

Major items causing the Company's income tax rate to differ from the combined Canadian federal and provincial statutory rate of approximately 26.50% (2017 - 26.50%) are as follows:

	2018	2017
Loss before income taxes	\$ (6,005,845)	\$ (3,013,498)
Income tax benefit at the combined Canadian statutory income tax rate	(1,591,550)	(798,577)
Adjustment to expected income tax benefit:		
Difference in tax rates	45,600	29,844
Tax rate changes and other adjustments	(71,760)	-
Share based compensation and non-deductible expenses	683,990	287,135
Benefit of tax loss not recognized	933,720	(137,120)
Net deferred income tax provision (recovery)	\$ -	\$ (618,718)

**Deferred tax assets**

The following table summarizes the components of deferred tax:

	Opening balance	Recognized in net loss	Recognized in equity	Ending balance
<b>Deferred Tax Assets</b>				
Non-capital losses carried forward	\$ -	350,490	-	\$ 350,490
<b>Deferred Tax Liabilities</b>				
Convertible debentures	-	(350,490)	-	(350,490)
	\$ -	-	-	\$ -

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
<b>Deductible temporary differences:</b>		
Share issue costs	\$ 225,040	\$ 290,300
Capital losses	4,005,050	4,005,100
Exploration and evaluation assets	10,005,220	9,696,100
Mining tax credits	699,620	699,600
Non-capital losses carried forward - Canada	2,729,810	-
Other	22,430	1,700
Foreign non-capital losses - Finland	1,159,340	459,000
	\$ 18,846,510	\$ 15,151,800

---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**21. Income Taxes (continued)**

**Deferred tax assets (continued)**

Deferred tax are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax asset of deferred financing costs has been recognized up to the amount of deferred tax liability. Other deferred assets have not been recognized in respect of these temporary differences because it is not probable that future taxable profit will be available against which the Company can utilize the benefits.

At February 28, 2018, the Company has unclaimed non-capital losses that are to expire as follows:

2028	\$	173,140
2029		266,730
2030		118,440
2031		54,400
2032		65,880
2033		125,100
2034		7,820
2035		7,750
2036		33,930
2037		1,116,250
2037		<u>2,083,000</u>
	\$	<u>4,052,440</u>

The Finland subsidiary non-capital loss set to expire between 2027 and 2029 if not utilized.

Mining tax credits will expire between 2027 and 2034. Capital losses may be applied against capital gains income in future periods. Deferred financing costs will be fully amortized in 2021.



---

**Rupert Resources Ltd.**  
**Notes to Consolidated Financial Statements**  
**Year Ended February 28, 2018**  
**(Expressed in Canadian Dollars)**

---

**22. Subsequent Events**

- On March 02, 2018, the Company closed a non-brokered private placement and has issued 5,903,615 common shares of the Company at a price of \$0.83 per Common Share for gross proceeds of \$4,900,000. The Company intends to use the proceeds for its continued exploration program of the Pahtavaara project, advance the Hirsikangas and Osikonmaki projects, and for general corporate purposes. The securities issued in connection with the Private Placement are subject to a four month hold period. The Company has agreed to pay cash finder's fees in respect of certain sales under the Private Placement: (i) to Smaller Capital Company, \$50,000, (ii) to Haywood Securities Inc., \$32,000, and (iii) to Canaccord Genuity Limited, \$4,000.

\$2,465,951 was received prior to February 28, 2018 and included in shares to be issued.

- On March 20, 2018 the Company entered into a binding, definitive share exchange agreement with Northern Aspect Resources Ltd ("NARL") and all of the shareholders of NARL to complete the transaction, subject to certain conditions, including inter alia, definitive approval from the TSX-V.
- On May 15, 2018, the Company announced that it had received from the TSX-V, final approval to acquire all the issued and outstanding securities of NARL and that it had completed the NARL transaction through issue of 4,913,466 consideration shares at a deemed value of \$0.85 per share.