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**RUPERT RESOURCES LTD.**  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND NINE MONTHS ENDED

NOVEMBER 30, 2018  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)

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

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

The unaudited condensed interim consolidated 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 unaudited condensed interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 - Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

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 unaudited condensed interim consolidated 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 unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated 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 unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim consolidated 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 unaudited condensed interim consolidated 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 unaudited condensed interim consolidated 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.

### **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

# Rupert Resources Ltd.

## Condensed Consolidated Interim Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

As at	November 30, 2018	February 28, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	\$ 8,284,491	\$ 5,487,407
Marketable securities (note 4)	90	192
Prepays and sundry receivables (note 5)	382,324	152,578
	<b>8,666,905</b>	5,640,177
<b>Non-current assets</b>		
Restricted cash (note 6)	1,192,333	1,237,437
Buildings and equipment (note 7)	2,735,527	2,689,033
Exploration and evaluation assets (note 8)	21,508,564	11,877,704
	<b>\$ 34,103,329</b>	\$ 21,444,351
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Amounts payable and accrued liabilities (notes 9 and 15)	\$ 872,440	\$ 1,084,014
Convertible debentures (note 11)	7,122,374	-
	<b>7,994,814</b>	1,084,014
<b>Non-current liabilities</b>		
Asset retirement obligation (note 10)	914,570	949,167
Convertible debentures (note 11)	-	6,384,880
	<b>8,909,384</b>	8,418,061
<b>Shareholders' Equity</b>		
Share capital (note 12)	53,896,064	36,106,781
Shares to be issued (note )	-	2,465,951
Contributed surplus (note 12)	4,527,031	3,707,511
Cumulative translation adjustment	414,413	818,385
Equity portion of convertible debentures (note 11)	1,716,066	1,716,066
Deficit	(35,359,629)	(31,788,404)
	<b>25,193,945</b>	13,026,290
<b>Total liabilities and shareholders' equity</b>	<b>\$ 34,103,329</b>	<b>\$ 21,444,351</b>

Nature of Operations (note 1)

Commitments and Contingencies (note 17)

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

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

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	<b>Three Months November 30,</b>		<b>Nine Months Ended November 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Operating expenses</b>				
General and administrative expenses (note 13)	\$ <b>590,340</b>	\$ 572,641	\$ <b>1,708,892</b>	\$ 1,623,804
Share-based payments (note 12)	<b>578,025</b>	623,963	<b>1,280,670</b>	1,984,164
<b>Loss before other items</b>	<b>(1,168,365)</b>	(1,196,604)	<b>(2,989,562)</b>	(3,607,968)
Depreciation	<b>(14)</b>	(20)	<b>(41)</b>	(59)
Unrealized gain (loss) on marketable securities	<b>(18)</b>	66	<b>(102)</b>	114
Accretion and interest expense (note 11)	<b>(318,184)</b>	(281,105)	<b>(930,368)</b>	(823,120)
Other Income	<b>10,533</b>	9,239	<b>12,698</b>	9,239
<b>Net loss for the period</b>	<b>(1,476,048)</b>	(1,468,424)	<b>(3,907,375)</b>	(4,421,794)
<b>Other comprehensive loss</b>				
Item that will be reclassified subsequently to income				
Exchange differences on translating foreign operations	<b>77,888</b>	110,484	<b>(403,972)</b>	312,142
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,398,160)</b>	\$ (1,357,940)	<b>\$ (4,311,347)</b>	\$ (4,109,652)
<b>Basic and diluted net loss per share (note 14)</b>	<b>\$ (0.01)</b>	\$ (0.01)	<b>\$ (0.04)</b>	\$ (0.04)
<b>Weighted average number of common shares outstanding - basic and diluted (note 14)</b>	<b>111,804,573</b>	101,114,992	<b>110,472,051</b>	101,060,770

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

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

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<b>Nine Months Ended November 30,</b>	<b>2018</b>	<b>2017</b>
<b>Operating activities</b>		
Net loss for the period	\$ (3,907,375)	\$ (4,421,794)
Adjustments for:		
Share-based payments - vesting of Black-Scholes value of options granted	1,280,670	1,984,164
Unrealized gain (loss) on marketable securities	102	(114)
Depreciation	41	59
Exchange differences on translating foreign operations	447,052	420,443
Accretion expense - convertible debentures	737,494	630,432
Changes in non-cash working capital items:		
Prepays and sundry receivables	2,800	392,586
Amounts payable and accrued liabilities	(390,198)	(795,695)
	<b>(1,829,414)</b>	<b>(1,789,919)</b>
<b>Financing activities</b>		
Proceeds from exercise of warrants	-	22,665
Proceeds from exercise of options	87,500	-
Proceeds from private placement	9,660,553	-
Share issuance costs	(127,230)	-
	<b>9,620,823</b>	<b>22,665</b>
<b>Investing activities</b>		
Expenditure on exploration and evaluation assets	(4,937,215)	(6,070,112)
Deposits for restricted cash	45,104	(311,010)
Purchase of buildings and equipment	(102,214)	(1,114,861)
	<b>(4,994,325)</b>	<b>(7,495,983)</b>
<b>Net change in cash</b>	<b>2,797,084</b>	<b>(9,263,237)</b>
<b>Cash, beginning of period</b>	<b>5,487,407</b>	<b>14,239,421</b>
<b>Cash, end of period</b>	<b>\$ 8,284,491</b>	<b>\$ 4,976,184</b>

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

## Rupert Resources Ltd.

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

	Share Capital	Shares to be issued	Cumulative Translation Adjustment	Contributed Surplus	Warrants	Convertible Debentures	Deficit	Total
Balance, February 28, 2018	\$ 36,106,781	\$ 2,465,951	\$ 818,385	\$ 3,707,511	\$ -	\$ 1,716,066	\$(31,788,404)	\$ 13,026,290
Private placement	12,171,970	(2,465,951)	-	-	-	-	-	9,706,019
Stock options exercised	212,500	-	-	(125,000)	-	-	-	87,500
Stock options cancelled	-	-	-	(336,150)	-	-	336,150	-
Share-based payments (notes 12 and 15)	-	-	-	1,280,670	-	-	-	1,280,670
Shares issued for property acquisition	5,404,813	-	-	-	-	-	-	5,404,813
Net loss and comprehensive loss for the period	-	-	(403,972)	-	-	-	(3,907,375)	(4,311,347)
<b>Balance, November 30, 2018</b>	<b>\$ 53,896,064</b>	<b>\$ -</b>	<b>\$ 414,413</b>	<b>\$ 4,527,031</b>	<b>\$ -</b>	<b>\$ 1,716,066</b>	<b>\$(35,359,629)</b>	<b>\$ 25,193,945</b>
<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>
Warrants exercised	29,284	-	-	-	(6,619)	-	-	22,665
Share-based payments (notes 12 and 15)	-	-	-	1,984,164	-	-	-	1,984,164
Net loss and comprehensive loss for the period	-	-	420,443	-	-	-	(4,421,794)	(4,001,351)
<b>Balance, November 30, 2017</b>	<b>\$ 36,064,281</b>	<b>\$ -</b>	<b>\$ 312,142</b>	<b>\$ 3,137,104</b>	<b>\$ -</b>	<b>\$ 1,716,066</b>	<b>\$(30,204,353)</b>	<b>\$ 11,025,240</b>

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

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# Rupert Resources Ltd.

## Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 unaudited condensed interim consolidated 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 \$35,359,629 as at November 30, 2018 (February 28, 2018 - \$31,788,404).

The Company's outstanding common shares trade on the TSX Venture Exchange under the symbol RUP. As at November 30, 2018, an investor of the Company, Alan Brimacombe, controlled 19,833,800 common shares of the Company or approximately 16.33% 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 and on May 15, 2018 the Company acquired Northern Aspect Resources Ltd. ("NARL") (note 8).

### 2. Significant Accounting Policies

#### (a) Statement of Compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of January 07, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending February 28, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

#### (b) New Accounting Policies

##### IFRS 9 - Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014)) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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## 2. Significant Accounting Policies (continued)

### (c) New Accounting Policies (continued)

#### IFRS 9 - Financial Instruments ("IFRS 9") (continued)

The Company adopted IFRS 9 in its consolidated financial statements on March 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on March 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- ◆ It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- ◆ Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash and cash equivalents	Fair value through profit and loss ("FVTPL")	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Other receivables	Loans and receivables (amortized cost)	Amortized cost
Restricted cash	Loans and receivables (amortized cost)	Amortized cost
Marketable securities	Fair value through profit and loss ("FVTPL")	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Convertible debentures	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

### (d) Future Accounting Pronouncements

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016 to require lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS17 - Leases. The IAS issued its standard as part of a joint project with the Financial Accounting Standards Board ("FASB"). The new standard will be effective for annual periods beginning on or after January 1, 2019. The Company is still in the process of assessing the impact of this pronouncement on the unaudited condensed interim 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.



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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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#### 3. Cash and Cash Equivalents

	As at November 30, 2018	As at February 28, 2018
Cash	\$ 8,184,491	\$ 5,387,407
Guaranteed investment certificates ("GIC's")	100,000	100,000
Total	\$ 8,284,491	\$ 5,487,407

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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.

#### 4. Marketable Securities

	As at November 30, 2018	As at February 28, 2018
Cuba Ventures Corp. - 1,200 common shares	\$ 90	\$ 192

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#### 5. Prepaids and Amounts Receivable

	As at November 30, 2018	As at February 28, 2018
Prepaid expenses and sundry receivables	\$ 340,006	\$ 43,424
Accounts receivable	18,835	-
Sales tax receivable	23,483	109,154
	\$ 382,324	\$ 152,578

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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

#### 6. Restricted cash

In connection with the acquisition of the Pahtavaara Gold Mine, the Company purchased environmental bonds of EURO 640,000 in July of 2016. In March 2017 and October 2017, the Company purchased additional environmental bonds of EURO 30,000 and EURO 60,000. The sole purpose of these bonds is for settling the future restoration obligations of the Pahtavaara Gold Mine (note 10). 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.

#### 7. Buildings and equipment

	Computers	Equipment and Machinery	Buildings	Vehicles	Office Furniture	Total
<b>Period ended November 30, 2017</b>						
At February 28, 2017	\$ 5,971	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$1,453,714
Additions	514	1,100,734	81,086	8,987	260	1,191,581
Depreciation	(59)	-	-	-	-	(59)
	\$ 6,426	\$1,543,236	\$ 983,420	\$ 108,996	\$ 3,158	\$2,645,236
At November 30, 2017						
Cost	\$ 7,482	\$1,543,236	\$ 983,420	\$ 108,996	\$ 3,158	\$2,646,292
Accumulated depreciation	(1,056)	-	-	-	-	(1,056)
Net book value at November 30, 2017	\$ 6,426	\$1,543,236	\$ 983,420	\$ 108,996	\$ 3,158	\$2,645,236
<b>Period ended November 30, 2018</b>						
At February 28, 2018	\$ 6,531	\$1,564,917	\$1,003,178	\$ 111,186	\$ 3,221	\$2,689,033
Additions	-	102,214	-	42,601	-	144,815
Foreign exchange differences	(231)	(57,041)	(36,566)	(4,325)	(117)	(98,280)
Depreciation	(41)	-	-	-	-	(41)
<b>At November 30, 2018</b>	<b>\$ 6,259</b>	<b>\$1,610,090</b>	<b>\$ 966,612</b>	<b>\$ 149,462</b>	<b>\$ 3,104</b>	<b>\$2,735,527</b>
At November 30, 2018						
Cost	\$ 7,376	\$1,610,090	\$ 966,612	\$ 149,462	\$ 3,104	\$2,736,644
Accumulated depreciation	(1,117)	-	-	-	-	(1,117)
<b>Net book value at November 30, 2018</b>	<b>\$ 6,259</b>	<b>\$1,610,090</b>	<b>\$ 966,612</b>	<b>\$ 149,462</b>	<b>\$ 3,104</b>	<b>\$2,735,527</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 Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

#### 8. Exploration and Evaluation Assets

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

	Osikonmaki Property	Hirsikangas Property	Gold Centre Property	Pahtavaara Gold Mine	Total
Balance, February 28, 2018	\$ -	\$ -	\$ 185,945	\$ 11,691,759	\$ 11,877,704
<u>Acquisition Costs</u>					
Acquisition of NARL	3,046,386	2,075,743	-	-	5,122,129
Property taxes	-	-	-	13,856	-
Licenses and permits	-	16,132	-	457,783	473,915
	\$ 3,046,386	\$ 2,091,875	\$ 185,945	\$ 12,163,398	\$ 17,473,748
<u>Exploration and Evaluation Costs</u>					
Assays	\$ -	\$ -	\$ -	\$ 1,113,432	\$ 1,113,432
Geological consulting	-	-	14,715	640,050	654,765
Consulting	-	36,685	-	16,541	53,226
Geophysics	-	-	-	14,669	14,669
Drilling	-	199,375	-	416,581	615,956
Equipment rental	-	-	-	16,160	16,160
Transportation	-	-	-	31,808	31,808
Fuel	-	-	-	19,513	19,513
Travel	-	-	-	19,350	19,350
Utilities	-	-	-	186,897	186,897
Salary	-	313,712	-	1,409,956	1,723,668
Foreign exchange differences	(3,614)	(9,808)	-	(401,206)	(414,628)
<b>Balance, November 30, 2018</b>	<b>\$ 3,042,772</b>	<b>\$ 2,631,839</b>	<b>\$ 200,660</b>	<b>\$ 15,647,149</b>	<b>\$ 21,508,564</b>

## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

#### 8. Exploration and Evaluation Assets (continued)

	Osikonmaki Property	Hirsikangas Property	Gold Centre Property	Pahtavaara Gold Mine	Total
Balance, February 28, 2017	\$ -	\$ -	\$ 185,945	\$ 3,807,452	\$ 3,993,397
<u>Acquisition Costs</u>					
Claim staking	-	-	-	46,198	46,198
Property taxes	-	-	-	13,244	13,244
Licenses and permits	-	-	-	450,350	450,350
	\$ -	\$ -	\$ 185,945	\$ 4,317,244	\$ 4,503,189
<u>Exploration and Evaluation Costs</u>					
Assays	\$ -	\$ -	\$ -	\$ 569,770	\$ 569,770
Geological consulting	-	-	-	333,118	333,118
Consulting	-	-	-	97,291	97,291
Geophysics	-	-	-	27,167	27,167
Drilling	-	-	-	2,347,487	2,347,487
Equipment rental	-	-	-	30,779	30,779
Transportation	-	-	-	26,406	26,406
Fuel	-	-	-	16,648	16,648
Reports	-	-	-	7,052	7,052
Project administration	-	-	-	10,530	10,530
Utilities	-	-	-	439,306	439,306
Equipment	-	-	-	74,277	74,277
Salaries	-	-	-	1,569,970	1,569,970
Surveying	-	-	-	10,519	10,519
Balance, November 30, 2017	\$ -	\$ -	\$ 185,945	\$ 9,877,564	\$ 10,063,509

#### Northern Aspect Resources Ltd ("NARL")

On March 20, 2018 the Company entered into a binding, definitive share exchange agreement with Northern Aspect Resources Ltd and all of the shareholders of NARL to acquire all of the issued and outstanding securities in NARL (the "**NARL transaction**"), subject to certain conditions, including inter alia, definitive approval from the TSX-V. On May 15, 2018, the Company received definitive approval from the TSX-V 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 of which directors and officers of the Company received 860,000 shares.

The transaction does not constitute a business combination as NARL does not meet the definition of a business under IFRS 3, Business Combinations. As a result, the transaction is accounted for as an acquisition of assets.

Given that the mineral properties, Osikonmaki and Hirsikangas, acquire as part of the NARL transaction, were still in the exploration and evaluation stage, it was not possible to measure the fair value. Therefore the acquisition has been measured using the fair value of the consideration transferred. The excess of the consideration transferred over the fair value of the other net assets and liabilities has been allocated to the mineral properties.

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## Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements  
Three and Nine Months Ended November 30, 2018  
(Expressed in Canadian Dollars)  
(Unaudited)

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### 8. Exploration and Evaluation Assets (continued)

#### Northern Aspect Resources Ltd (continued)

The purchase price allocation is set out as follows:

Issuance of 4,913,466 common shares <sup>(1)</sup>	<u>\$ 5,404,813</u>
Allocation of purchase price:	
Cash	\$ 356,890
Prepaid and other receivables	60,850
Equipment	43,568
Mining property	5,122,129
Accounts payable and accrued liabilities	<u>(178,624)</u>
Total	<u>\$ 5,404,813</u>

(1) The value of the common shares was based on the fair value of the shares on date of issuance.

### 9. Amounts Payable and Accrued Liabilities

	As at November 30, 2018	As at February 28, 2018
Trade payables	\$ 302,804	\$ 386,606
Accrued liabilities	<u>569,636</u>	<u>697,408</u>
	<u>\$ 872,440</u>	<u>\$ 1,084,014</u>

### 10. Asset retirement obligation

Balance, February 28, 2018	\$ 949,167
Foreign exchange adjustment	(34,597)
<b>Balance, November 30, 2018</b>	<b>\$ 914,570</b>
Balance, February 28, 2017	\$ 853,753
Foreign exchange adjustment	76,720
<b>Balance, November 30, 2017</b>	<b>\$ 930,473</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 (\$914,570). 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 6 for assets pledged and restricted for the purposes of settling future site restoration obligations.

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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

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#### 11. 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 nine months ended November 30, 2018 was \$737,494 (2017 - \$630,432). 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. Included in the accretion charge is interest paid on the convertible debentures. Interest is due twice per year and in June 2018, the Company paid the amount of \$192,688 (June 2017 - \$192,688).

<b>Balance, February 28, 2018</b>	<b>\$ 6,384,880</b>
Add: accretion for the period	737,494
<b>Balance - November 30, 2018</b>	<b>\$ 7,122,374</b>
<hr/>	
Balance - February 28, 2017	\$ 5,661,968
Add: accretion for the period	630,432
Balance - November 30, 2017	\$ 6,292,400

## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements Three and Nine Months Ended November 30, 2018 (Expressed in Canadian Dollars) (Unaudited)

#### 12. 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 November 30, 2018, the issued share capital amounted to \$53,896,064. There were the following changes in issued share capital for the nine months ended November 30, 2018 and November 30, 2017:

	Number of Common Shares	Amount
<b>Balance, February 28, 2018</b>	<b>101,214,992</b>	<b>\$ 36,106,781</b>
Private placement <sup>(1)(3)</sup>	15,152,615	12,299,200
Stock options exercised	500,000	212,500
Share issue costs	-	(127,230)
Shares issued for NARL acquisition (note 8)	4,913,466	5,404,813
Shares cancelled <sup>(2)</sup>	(352,500)	-
<b>Balance, November 30, 2018</b>	<b>121,428,573</b>	<b>\$ 53,896,064</b>
Balance, February 28, 2017	100,737,215	\$ 36,034,997
Warrants exercised	377,777	29,284
<b>Balance, November 30, 2017</b>	<b>101,114,992</b>	<b>\$ 36,064,281</b>

(1) 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 as at that date was included in shares to be issued.

(2) On March 15, 2018, the Company cancelled 352,500 common shares for no consideration. The shares had been held in escrow, and in accordance with the escrow agreement, have now been cancelled.

(3) On November 30, 2018, the Company closed a non-brokered private placement and has issued 9,249,000 common shares of the Company at a price of \$0.80 per Common Share for gross proceeds of \$7,399,200. The Company intends to use the proceeds for its continued exploration program of the Pahtavaara project 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, \$10,000, and (ii) to Canaccord Genuity Limited, \$3,504.

# Rupert Resources Ltd.

## Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 12. 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 nine months ended November 30, 2018 and November 30, 2017:

	Number of Stock Options	Weighted Average Exercise Price (\$)
<b>Balance, February 28, 2018</b>	<b>8,315,000</b>	<b>0.49</b>
Cancelled	(925,000)	0.35
Granted <sup>(3)</sup>	2,625,000	1.00
Exercised	(500,000)	0.175
<b>Balance, November 30, 2018</b>	<b>9,515,000</b>	<b>0.66</b>
Balance, February 28, 2017	6,165,000	0.30
Exercised	(200,000)	1.08
Granted <sup>(1)(2)</sup>	2,450,000	1.11
<b>Balance, November 30, 2017</b>	<b>8,415,000</b>	<b>0.49</b>

<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 August 1, 2018, the Company granted 2,625,000 stock options at a price of \$1.00 per share, expiring on July 31, 2023. 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 \$1.00; 113% expected volatility; risk-free interest rate of 2.25%; 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 \$2,112,600. The options will vest 1/2 on each of on July 31, 2019 and July 31, 2020.

For the three and nine months ended November 30, 2018, the impact on share-based compensation was \$578,025 and \$1,280,670, respectively (three and nine months ended November 30, 2017 - \$623,963 and \$1,984,164, respectively).



## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

#### 12. Share Capital and Reserves (continued)

##### Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as of November 30, 2018:

Expiry Date	Exercise Price (\$)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
January 10, 2019	0.08	0.11	500,000	500,000	-
March 24, 2021	0.175	2.32	2,840,000	2,840,000	-
June 10, 2021	0.56	2.53	525,000	525,000	-
November 9, 2021	0.76	2.95	775,000	775,000	-
April 22, 2022	1.01	3.38	2,250,000	1,125,000	1,125,000
July 31, 2023	1.00	4.67	2,625,000	-	2,625,000
	<b>0.66</b>	<b>3.16</b>	<b>9,515,000</b>	<b>5,765,000</b>	<b>3,750,000</b>

##### Warrants

The following table reflects the continuity of warrants for the nine months ended November 30, 2018 and November 30, 2017:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, February 28, 2017	377,777	0.06
Exercised	(377,777)	0.06
Balance, November 30, 2017, February 28, 2018 and November 30, 2018	-	0.00

#### 13. General and Administrative Expenses

	Three Months November 30,		Nine Months Ended November 30,	
	2018	2017	2018	2017
Consulting	\$ 8,962	\$ (8,786)	\$ 13,523	\$ 22,008
Office and sundry	205,151	187,085	562,764	467,378
Professional fees	21,436	38,946	186,398	136,664
Investigation of prospective property interests	43,909	759	46,840	852
Regulatory fees	1,025	225	14,248	12,142
Salaries and benefits (note 15)	201,102	213,706	580,520	522,757
Shareholder communications	(2,074)	3,298	1,408	3,808
Transfer agent	13,974	34,614	40,230	69,822
Travel	96,855	102,794	262,961	388,373
	<b>\$ 590,340</b>	<b>\$ 572,641</b>	<b>\$ 1,708,892</b>	<b>\$ 1,623,804</b>

# Rupert Resources Ltd.

## Notes to Condensed Consolidated Interim Financial Statements

Three and Nine Months Ended November 30, 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 14. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the three and nine months ended November 30, 2018 was based on the loss attributable to common shareholders of \$1,476,048 and \$3,907,375, respectively (three and nine months ended November 30, 2017 - \$1,468,424 and \$4,421,794, respectively) and the weighted average number of common shares outstanding of 111,804,573 and 110,472,051, respectively for the three and nine months ended November 30, 2018 (three and nine months ended November 30, 2017 - 101,114,992 and 101,060,770, respectively). Diluted loss per share did not include the effect of 9,515,000 stock options (three and nine months ended November 30, 2017 - 8,415,000) as they are anti-dilutive.

### 15. Related Party Transactions

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

	Three Months November 30,		Nine Months Ended November 30,	
	2018	2017	2018	2017
Remuneration paid to Executive Chairman <sup>(1)(2)</sup>	\$ -	\$ 61,192	\$ -	\$ 190,584
Remuneration paid to CEO <sup>(3)</sup>	<b>82,931</b>	77,252	<b>252,634</b>	191,349
Remuneration paid to CFO <sup>(4)</sup>	<b>29,861</b>	8,604	<b>91,114</b>	8,604
Share-based payments - Black-Scholes value	<b>347,193</b>	491,028	<b>868,818</b>	1,325,038
Marrelli Support Services Inc. <sup>(5)</sup>	<b>7,941</b>	8,080	<b>27,840</b>	25,876
Remuneration paid to Non-Executive Chairman <sup>(6)</sup>	<b>9,000</b>	-	<b>15,000</b>	-

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

(2) The Company entered into an agreement with the Executive Chairman of the Company to pay him a monthly consulting fee of US\$16,000 from January 1, 2017. The Executive Chairman ceased to receive a monthly fee from the Company from January 1, 2018. During the three and nine months ended November 30, 2018, \$nil (three and nine months ended November 30, 2017 - \$61,192 and \$190,584, respectively) was expensed as salaries and benefits. On June 25, 2018, the Executive-Chairman, Mr. Brian Hinchcliffe, resigned from the Board of the Company.

(3) The Company entered into an agreement with the Chief Executive Officer of the Company to pay him a monthly base salary of GBP15,454. During the three and nine months ended November 30, 2018, \$82,931 and \$252,634, respectively (three and nine months ended November 30, 2017 - \$77,252 and \$191,349, respectively) was expensed as salaries. As at November 30, 2018, the Chief Executive Officer was owed \$789 for reimbursable expenses (February 28, 2018 - \$118) and this amount was included in amounts payable and accrued liabilities.

(4) 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 three and nine months ended November 30, 2018, \$29,861 and \$91,114 (three and nine months ended November 30, 2017 - \$8,604) was expensed as salaries. As at November 30, 2018, the Chief Financial Officer was owed \$1,815 for reimbursable expenses (February 28, 2018 - \$973) and this amount was included in amounts payable and accrued liabilities.

(5) The Company entered into an accounting support services agreement with MSSSI where under MSSSI provided, certain accounting support services. A director and former officer of the Company, Mr. Robert D. B. Suttie is Vice President of MSSSI. During the three and nine months ended November 30, 2018, \$7,941 and \$27,840, respectively (three and nine months ended November 30, 2017 - \$8,080 and \$25,876, respectively) was expensed with respect to the services provided. As at November 30, 2018, MSSSI was owed \$2,973 (February 28, 2018 - \$5,773). These amounts are included in amounts payable and accrued liabilities.

(6) The Company entered into an agreement with the Non-Executive Chairman of the Company to pay him a monthly consulting fee of \$3,000 from July 1, 2018. During the three and nine months ended November 30, 2018, \$9,000 and \$15,000, respectively (three and nine months ended November 30, 2017 - \$nil) were paid.

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## **Rupert Resources Ltd.**

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

**Three and Nine Months Ended November 30, 2018**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **15. Related Party Transactions (continued)**

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.

#### **16. Segment Information**

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

#### **17. 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.