RUPERT RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

FEBRUARY 28, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The 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 consolidated 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 consolidated 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 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 consolidated financial statements; and (ii) the 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 consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the 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 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 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.

Independent Auditor's Report

To the Shareholders of Rupert Resources Ltd.:

Opinion

We have audited the consolidated financial statements of Rupert Resources Ltd. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2019 and February 28, 2018, and the consolidated statements of loss and comprehensive loss, changes in capital and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at February 28, 2019 and February 28, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company reported a net loss of $5,449,052 and had an accumulated deficit of $36,744,366 as at February 28, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Brock Stroud.

MNP LLP

Toronto, Ontario
June 27, 2019

Chartered Professional Accountants
Licensed Public Accountants

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

As at		February 28, 2019		February 28, 2018
ASSETS				
Current assets				
Cash and cash equivalents (note 6)	$	**5,949,381**	$	5,487,407
Marketable securities (note 7)		**282**		192
Prepaids and sundry receivables (note 8)		**391,672**		152,578
		6,341,335		5,640,177
Non-current assets				
Restricted cash (note 9)		**1,204,899**		1,237,437
Buildings and equipment (note 10)		**2,723,798**		2,689,033
Exploration and evaluation assets (note 11)		**23,602,400**		11,877,704
	$	**33,872,432**	$	21,444,351
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Amounts payable and accrued liabilities (notes 12 and 18)	$	**1,490,669**	$	1,084,014
Convertible debentures (note 14)		**7,253,233**		-
		8,743,902		1,084,014
Non-current liabilities				
Asset retirement obligation (note 13)		**1,203,465**		949,167
Convertible debentures (note 14)		**-**		6,384,880
		9,947,367		8,418,061
Shareholders' Equity				
Share capital (note 15)		**54,216,150**		36,106,781
Shares to be issued (note 15)		**-**		2,465,951
Contributed surplus (note 15)		**4,640,839**		3,707,511
Cumulative translation adjustment		**96,376**		818,385
Equity portion of convertible debentures (note 14)		**1,716,066**		1,716,066
Deficit		**(36,744,366)**		(31,788,404)
		23,925,065		13,026,290
Total liabilities and shareholders' equity	$	**33,872,432**	$	21,444,351

Nature of Operations and Going Concern (note 1)
Commitments and Contingencies (note 20)

Approved on behalf of the Board:

(Signed) "*Gunnar Nilsson*" Director

(Signed) "*James Withall*" Director

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, 2019	2018
Operating expenses		
General and administrative expenses (note 16)	**$ 2,415,552**	$ 2,327,370
Share-based payments (note 15)	**1,785,337**	2,579,571
Loss before other items	**(4,200,889)**	(4,906,941)
Depreciation	**(10,774)**	(78)
Unrealized gain (loss) on marketable securities	**90**	144
Accretion and interest expense (note 14)	**(1,253,915)**	(1,108,287)
Other Income	**16,436**	9,317
Net loss for the year	**(5,449,052)**	(6,005,845)
Other comprehensive loss		
Item that will be reclassified subsequently to income		
Exchange differences on translating foreign operations	**(722,009)**	926,686
Net loss and comprehensive loss for the year	**$ (6,171,061)**	$ (5,079,159)
Basic and diluted net loss per share (note 17)	**$ (0.05)**	$ (0.06)
Weighted average number of common shares outstanding - basic and diluted (note 17)	**113,248,180**	101,083,455

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,	**2019**	2018
Operating activities		
Net loss for the year	**$ (5,449,052)**	$ (6,005,845)
Adjustments for:		
Share-based payments - vesting of Black-Scholes value of options granted	**1,785,337**	2,579,571
Unrealized gain (loss) on marketable securities	**(90)**	(144)
Depreciation	**10,774**	78
Exchange differences on translating foreign operations	**(115,463)**	469,408
Accretion expense	**864,588**	722,912
Changes in non-cash working capital items:		
Prepaids and sundry receivables	**(144,752)**	292,793
Amounts payable and accrued liabilities	**31,306**	(414,509)
	(3,017,352)	(2,355,736)
Financing activities		
Proceeds from exercise of warrants	**-**	22,665
Proceeds from exercise of options	**267,500**	17,500
Proceeds from private placement	**9,833,249**	-
Proceeds collected for shares to be issued	**-**	2,465,951
Share issuance costs	**(221,063)**	-
	9,879,686	2,506,116
Investing activities		
Expenditure on exploration and evaluation assets	**(6,579,680)**	(7,494,051)
Deposits for restricted cash		(335,382)
Purchase of buildings and equipment	**(114,656)**	(1,072,961)
Cash from acquisition of subsidiary	**293,976**	-
	(6,400,360)	(8,902,394)
Net change in cash	**461,974**	(8,752,014)
Cash, beginning of year	**5,487,407**	14,239,421
Cash, end of year	**$ 5,949,381**	$ 5,487,407

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, 2018	$ 36,106,781	$ 2,465,951	$ 818,385	$ 3,707,511	$ -	$ 1,716,066	$(31,788,404)	$ 13,026,290
Private placement	12,078,137	(2,465,951)	-	-	-	-	-	9,612,186
Stock options exercised	626,419	-	-	(358,919)	-	-	-	267,500
Stock options cancelled	-	-	-	(493,090)	-	-	493,090	-
Share-based payments (notes 15 and 18)	-	-	-	1,785,337	-	-	-	1,785,337
Shares issued for property acquisition	5,404,813	-	-	-	-	-	-	5,404,813
Net loss and comprehensive loss for the year	-	-	(722,009)	-	-	-	(5,449,052)	(6,171,061)
Balance, February 28, 2019	**$ 54,216,150**	**$ -**	**$ 96,376**	**$ 4,640,839**	**$ -**	**$ 1,716,066**	**$(36,744,366)**	**$ 23,925,065**
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	-	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)
Balance, February 28, 2018	**$ 36,106,781**	**$ 2,465,951**	**$ 818,385**	**$ 3,707,511**	**$ -**	**$ 1,716,066**	**$(31,788,404)**	**$ 13,026,290**

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

1. Nature of Operations and Going Concern

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 its primary projects located in 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.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern. The Company reported a net loss of $5,449,052 for the year ended February 28, 2019 (year ended February 28, 2018 - $6,005,845) and had an accumulated deficit of $36,744,366 as at February 28, 2019 (February 28, 2018 - $31,788,404). The Company has a working deficit of $2,402,567 (February 28, 2018 - working capital of $4,556,163). The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

The Company’s outstanding common shares trade on the TSX Venture Exchange under the symbol RUP. As at February 28, 2019, an investor of the Company, Alan Brimacombe, controlled 19,635,900 common shares of the Company or approximately 16.00% 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 in May 2018 the Company acquired Northern Aspect Resources Ltd. ("NARL") (note 11).

2. Significant Accounting Policies

(a) Statement of Compliance

These consolidated 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, 2019 and February 28, 2018.

The Board of Directors approved the financial statements on June 26, 2019.

(b) Basis of Consolidation

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively “the Group”). Subsidiaries are entities controlled directly or indirectly the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases. The Company's subsidiaries are, Rupert Finland Oy, BR Gold Mining Oy, Northern Aspect Resources Oy and Northern Aspect Resources Ltd.

2. Significant Accounting Policies (continued)

(c) Basis of Presentation

These consolidated 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 consolidated 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:	**Classification:**
Cash and cash equivalents	Amortized cost
Restricted cash	Amortized cost
Marketable securities	Fair value through profit and loss ("FVTPL")
Financial liabilities:	**Classification:**
Amounts payable and accrued liabilities	Amortized cost
Convertible debentures	Amortized cost

2. Significant Accounting Policies (continued)

(e) Financial assets and liabilities (continued)

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

i. Financial assets recorded at fair value through profit or loss ("FVTPL")

Financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Gains or losses on these items are recognized in profit or loss.

ii. Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

ii. Financial liabilities recorded fair value through profit or loss ("FVTPL")

Financial liabilities are classified as fair value through profit or loss if they fall into one of the five exemptions detailed above.

Transaction costs

Transaction costs associated with financial instruments, carried at fair value through profit or loss, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

2. Significant Accounting Policies (continued)

(e) Financial assets and liabilities (continued)

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

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, 2019 and February 28, 2018, 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.

2. Significant Accounting Policies (continued)

(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%.

(i) 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 (note 13).

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.

2. Significant Accounting Policies (continued)

(i) Provisions

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.

(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.

(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.

2. Significant Accounting Policies (continued)

(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.

(o) Significant accounting judgments and estimates

The preparation of these consolidated 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 consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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.

2. Significant Accounting Policies (continued)

(o) Significant accounting judgments and estimates (continued)

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.

- *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.

2. Significant Accounting Policies (continued)

(o) Significant accounting judgments and estimates (continued)

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.
- Management's judgment is used in determining the eligible expenditures used in the recognition of tax credits receivable.
- Management applied judgment in determining the Company's ability to continue as a going concern.

(p) Foreign Currencies

The functional currency of the Company and its subsidiary, Northern Aspect Resources Ltd, is the Canadian Dollar. The functional currency of the Company's subsidiaries, Rupert Finland Oy, BR Gold Mining Oy and Northern Aspect Resources Oy, is the European Euro. For the purpose of the consolidated financial statements, the results and financial position are expressed in Canadian Dollars.

The consolidated 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

IFRS 9 - Financial Instruments ("IFRS 9")

On March 1, 2018, the Company adopted the following and there was no material impact on the Company's financial statements.

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.

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgment to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint. This does not have an effect on our reported results.

Below is a summary showing the classification and measurement bases of our financial instruments as at March 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39:

(Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(r) New Accounting Policies (continued)

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

Classification	IAS 39	IFRS 9
Cash and cash equivalents	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

IFRS 15 Revenue from Contracts with Customers

On March 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers. The new standard includes a five step recognition and measurement approach for revenue arising from contracts with customers, and includes new requirements for accounting for contract costs. Revenues arising from financial instruments within the scope of IFRS 9 – Financial Instruments, specifically interest revenue and loan fees, are excluded from the scope of IFRS 15. All other revenue streams are included within the scope of IFRS 15.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The adoption of this standard did not have any significant impact on the Company’s financial statements.

(s) 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. Based on the Company's assessment, the Company has determined that this standard will not have a significant impact on its consolidated financial statements.

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation requires the entity to use the most likely amount or the expected value of the tax treatment if it concludes that it is not probable that a particular tax treatment will be accepted. It requires an entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight. Based on the Company's assessment, the Company has determined that this standard will not have a significant impact on its 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, 2019, totaled $23,925,065 (February 28, 2018 - $13,026,290).

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, 2019, 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, 2019 and February 28, 2018.

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, 2019 the Company had cash of $5,949,381 (February 28, 2018 - $5,487,407) to settle current liabilities of $8,743,902 (February 28, 2018 - $1,084,014). 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.

4. Financial Risk Management (continued)

(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.

(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, 2019 and February 28, 2018, 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 $730,450 gain/loss in the reported net loss and comprehensive loss for the year ended February 28, 2019.

(Expressed in Canadian Dollars)

5. Categories of Financial Instruments

As at		**February 28, 2019**		February 28, 2018
Financial assets:				
Loans and receivables				
Cash and cash equivalents	**$**	**5,949,381**	$	5,487,407
Restricted cash		**1,204,899**		1,237,437
FVTPL				
Marketable securities	**$**	**282**	$	192
Financial liabilities:				
Other financial liabilities				
Amounts payable and accrued liabilities	**$**	**1,490,669**	$	1,084,014
Convertible debentures	**$**	**7,253,233**	$	6,384,880

As at February 28, 2019 and February 28, 2018, 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.

6. Cash and Cash Equivalents

		As at February 28, 2019		As at February 28, 2018
Cash	**$**	**5,849,381**	$	5,387,407
Guaranteed investment certificates ("GIC's")		**100,000**		100,000
Total	**$**	**5,949,381**	$	5,487,407

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.

(Expressed in Canadian Dollars)

7. Marketable Securities

	As at February 28, 2019	As at February 28, 2018
Cuba Ventures Corp. - 1,200 common shares	**$ 282**	$ 192

8. Prepaids and Sundry Receivables

	As at February 28, 2019	As at February 28, 2018
Prepaid expenses and sundry receivables	**$ 210,677**	$ 43,424
Sales tax receivable	**180,995**	109,154
	$ 391,672	$ 152,578

9. 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 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.

In connection with the acquisition of Northern Aspect Resources Ltd, the Company acquired a EURO 12,500 deposit. The sole purpose of the deposit is for settling the future restoration obligations of the Hirsikangas Gold Project. The deposit are not interest-bearing and have no maturity date. This cash is not available for general corporate purposes.

(Expressed in Canadian Dollars)

10. Buildings and Equipment

	Computers	Equipment and Machinery	Buildings	Vehicles	Office Furniture	Total
Year ended February 28, 2018						
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)
	$ 6,531	$1,564,917	$1,003,178	$ 111,186	$ 3,221	$2,689,033
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)
Net book value at February 28, 2018	$ 6,531	$1,564,917	$1,003,178	$ 111,186	$ 3,221	$2,689,033
Year ended February 28, 2019						
At February 28, 2018	$ 6,531	$1,564,917	$1,003,178	$ 111,186	$ 3,221	$2,689,033
Additions	-	114,656	-	42,601	-	157,257
Foreign exchange differences	(263)	(64,846)	(41,569)	(4,907)	(133)	(111,718)
Depreciation	(55)	-	-	(10,719)	-	(10,774)
At February 28, 2019	**$ 6,213**	**$1,614,727**	**$ 961,609**	**$ 138,161**	**$ 3,088**	**$2,723,798**
At February 28, 2019						
Cost	$ 7,344	$1,614,727	$ 961,609	$ 148,688	$ 3,088	$2,735,456
Accumulated depreciation	(1,131)	-	-	(10,527)	-	(11,658)
Net book value at February 28, 2019	**$ 6,213**	**$1,614,727**	**$ 961,609**	**$ 138,161**	**$ 3,088**	**$2,723,798**

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.

(Expressed in Canadian Dollars)

11. 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
Acquisition Costs					
Acquisition of NARL	3,056,409	2,277,272	-	-	5,333,681
Property taxes	-	-	-	13,784	13,784
Licenses and permits	-	38,533	-	454,403	492,936
	$ 3,056,409	$ 2,315,805	$ 185,945	$ 12,159,946	$ 17,718,105
Exploration and Evaluation Costs					
Assays	$ -	$ -	$ -	$ 1,452,915	$ 1,452,915
Geological consulting	-	-	14,715	659,894	674,609
Consulting	-	-	-	16,980	16,980
Geophysics	-	-	-	271,574	271,574
Drilling	-	23,498	-	1,071,299	1,094,797
Equipment rental	-	-	-	18,887	18,887
Transportation	-	-	-	41,809	41,809
Fuel	-	-	-	29,002	29,002
Travel	-	-	-	19,350	19,350
ARO increase				297,327	297,327
Utilities	-	-	-	285,621	285,621
Salary	-	361,225	-	1,806,191	2,167,416
Foreign exchange differences	(14,279)	(15,605)		(456,108)	(485,992)
Balance, February 28, 2019	$ 3,042,130	$ 2,684,923	$ 200,660	$ 17,674,687	$ 23,602,400

(Expressed in Canadian Dollars)

11. 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
Acquisition Costs					
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
Exploration and Evaluation Costs					
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
Salaries	-	-	-	2,196,336	2,196,336
Surveying	-	-	-	30,937	30,937
Foreign exchange difference	-	-	-	390,256	390,256
Balance, February 28, 2018	$ -	$ -	$ 185,945	$ 11,691,759	$ 11,877,704

Pahtavaara Gold Mine

On August 30, 2016, the Company exercised the option with the bankruptcy estate of Lappland Goldminers Oy to acquire the Pahtavaara gold mine, mill and exploration permits and concessions that represent a 124km^2 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 production royalty, which is considered contingent consideration, was valued at $nil on the date of acquisition and as at February 28, 2019.

(Expressed in Canadian Dollars)

11. Exploration and Evaluation Assets (continued)

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 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 750,000 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.

The Osikonmaki and Hirsikangas mineral properties were acquired as part of the NARL transaction. These properties were in the exploration and evaluation stages at acquisition. 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.

The purchase price allocation is set out as follows:

Issuance of 4,913,466 common shares (1)	$	5,404,813
Allocation of purchase price:		
Cash	$	293,976
Prepaid and other receivables		109,611
Equipment		42,894
Mining property		5,333,681
Accounts payable and accrued liabilities		(375,349)
Total	$	5,404,813

(1) The value of the common shares was based on the fair value of the shares on date of close (May 11, 2018).

12. Amounts Payable and Accrued Liabilities

		As at February 28, 2019		As at February 28, 2018
Trade payables	**$**	**771,172**	$	386,606
Accrued liabilities		**719,497**		697,408
	$	**1,490,669**	$	1,084,014

(Expressed in Canadian Dollars)

13. Asset retirement obligation

Balance, February 28, 2018	**$**	**949,167**
Foreign exchange adjustment		(39,264)
Add: increase in restoration provision year		297,327
Present value adjustment		(3,765)
Balance, February 28, 2019	**$**	**1,203,465**
Balance, February 28, 2017	$	853,753
Foreign exchange adjustment		95,414
Balance, February 28, 2018	$	949,167

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 EURO850,000 ($1,274,150). 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%.

During the year ended February 28, 2019 the Finnish Mining Authority estimated an additional EURO210,000 ($314,790) is required to settle obligations related to the Pahtavaara.

These obligations are expected to be settled at the end of the mine life which is estimated to be 13 years. The asset retirement obligation was discounted at a rate of 0.44%.

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

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.

(Expressed in Canadian Dollars)

14. Convertible Debentures (continued)

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, 2019 was $868,353 (2018 - $722,912). 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 the Company paid the amount of $385,375 (February 28, 2018 - $385,375).

Balance - February 28, 2018	**$**	**6,384,880**
Add: accretion for the year		1,253,728
Less: Interest paid in the year		(385,375)
Balance - February 28, 2019	**$**	**7,253,233**

Balance - February 28, 2017	$	5,661,968
Add: accretion for the year		1,108,287
Less: Interest paid in the year	$	(385,375)
Balance - February 28, 2018	$	6,384,880

(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, 2019, the issued share capital amounted to $54,216,150. There were the following changes in issued share capital for the year ended February 28, 2019 and February 28, 2018:

	Number of Common Shares	Amount
Balance, February 28, 2018	**101,214,992**	**$ 36,106,781**
Private placement [(1)(3)]	15,152,615	12,299,199
Stock options exercised	1,800,000	626,419
Share issue costs	-	(221,062)
Shares issued for NARL acquisition (note 11)	4,913,466	5,404,813
Shares cancelled [(2)]	(352,500)	-
Balance, February 28, 2019	**122,728,573**	**$ 54,216,150**
Balance, February 28, 2017	100,737,215	$ 36,034,997
Warrants exercised	377,777	29,284
Stock options exercised	100,000	42,500
Balance, February 28, 2018	101,214,992	$ 36,106,781

[(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. $2,465,951 was received prior to February 28, 2018 and as at that date was included in shares to be issued. 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. In connection with the offering, legal fees and other expenses of $46,608 were paid.

[(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 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. In connection with the offering, legal fees and other expenses of $74,950 were paid.

(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, 2019 and February 28, 2018:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, February 28, 2018	**8,315,000**	**0.49**
Cancelled	(1,005,000)	0.40
Granted [3]	2,625,000	1.00
Exercised	(1,800,000)	0.15
Balance, February 28, 2019	**8,135,000**	**0.74**
Balance, February 28, 2017	6,165,000	0.30
Expired	(200,000)	1.08
Granted [1][2]	2,450,000	1.02
Exercised	(100,000)	0.175
Balance, February 28, 2018	8,315,000	0.49

(1) 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.

(2) 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.

(3) 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 year ended February 28, 2019, the impact on share-based compensation was $1,785,337 (year ended February 28, 2018 - $2,579,571).

(Expressed in Canadian Dollars)

15. Share Capital and Reserves (continued)

Stock Options (continued)

The following table reflects the actual stock options issued and outstanding as of February 28, 2019:

Expiry Date	Exercise Price ($)	Remaining Contractual Life (years)	Number of Options Outstanding	Number of Options Vested (exercisable)	Number of Options Unvested
March 24, 2021	0.175	2.07	2,040,000	2,040,000	-
June 10, 2021	0.56	2.28	525,000	525,000	-
November 9, 2021	0.76	2.70	775,000	775,000	-
April 22, 2022	1.01	3.14	2,170,000	1,085,000	1,085,000
July 31, 2023	1.00	4.42	2,625,000	-	2,625,000
	0.74	**3.19**	**8,135,000**	**4,425,000**	**3,710,000**

Warrants

The following table reflects the continuity of warrants for the year ended February 28, 2019 and February 28, 2018:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, February 28, 2017	377,777	0.06
Exercised	(377,777)	0.06
Balance, February 28, 2018 and February 28, 2019	-	0.00

16. General and Administrative Expenses

	Year Ended February 28, 2019	2018
Consulting	**$ 13,523**	$ 22,210
Office and sundry	**742,764**	738,005
Professional fees	**409,017**	224,702
Investigation of prospective property interests	**59,377**	852
Regulatory fees	**26,198**	12,592
Salaries and benefits (note 18)	**781,675**	755,480
Shareholder communications	**731**	4,148
Transfer agent	**62,094**	118,001
Travel	**320,173**	451,380
	$ 2,415,552	$ 2,327,370

(Expressed in Canadian Dollars)

17. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the year ended February 28, 2019 was based on the loss attributable to common shareholders of $5,449,052 (year ended February 28, 2018 - $6,005,845) and the weighted average number of common shares outstanding of 113,248,180 for the year ended February 28, 2019 (year ended February 28, 2018 - 101,083,455). Diluted loss per share did not include the effect of 8,135,000 stock options (year ended February 28, 2018 - 8,315,000) as they are anti-dilutive.

18. Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Remuneration of directors and key management personnel of the Company was as follows:

	Year Ended February 28, 2019	2018
Remuneration paid to Executive Chairman [1][2]	**$ -**	$ 231,234
Remuneration paid to CEO [3]	**335,051**	271,922
Remuneration paid to CFO [4]	**120,683**	36,508
Share-based payments - Black-Scholes value	**1,233,405**	1,794,547
Marrelli Support Services Inc.[5]	**38,103**	38,258
Remuneration paid to Non-Executive Chairman [6]	**24,000**	-
Gowling WLG (Canada) LLP [7]	**-**	83,621

(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 year ended February 28, 2019, $nil (year ended February 28, 2018 - $231,234) 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 year ended February 28, 2019, $335,051 (year ended February 28, 2018 - $271,922) was expensed as salaries. As at February 28, 2019, 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 year ended February 28, 2019, $120,683 (year ended February 28, 2018 - $36,508) was expensed as salaries. As at February 28, 2019, 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 MSSI where under MSSI provided, certain accounting support services. A director and former officer of the Company, Mr. Robert D. B. Suttie is Vice President of MSSI. During the year ended February 28, 2019, $38,103 (year ended February 28, 2018 - $38,258) was expensed with respect to the services provided. As at February 28, 2019, MSSI 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 year ended February 28, 2019, $24,000 (year ended February 28, 2018 - $nil) were paid.
(7) During the year ended February 28, 2019, legal fees and reimbursements of $nil (year ended February 28, 2018 - $83,621) were paid to a legal firm, a partner of which was the Company's Corporate Secretary until December 2017.

(Expressed in Canadian Dollars)

18. 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.

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:

At February 28, 2019	**Finland**	**Canada**
Cash and cash equivalents	321,377	5,628,004
Other current assets	177,138	214,816
Restricted cash	1,204,899	-
Buildings and equipment	2,723,671	127
Exploration and evaluation assets	23,401,740	200,660
Total assets	27,828,825	6,043,607
Accounts payable and accrued liabilities	1,108,458	382,211
Asset retirement obligation	1,203,465	-
Convertible debentures	-	7,253,233
Total liabilities	2,311,923	7,635,444
Year Ended February 28, 2019		
Operating expenses	747,092	3,453,797
Other expenses	(5,216)	1,253,379
Deferred Income tax recovery	-	-
Net loss for the year	741,826	4,707,176

At February 28, 2018	**Finland**	**Canada**
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 asset	11,007,118	870,587
Total assets	15,212,821	6,231,530
Accounts payable and accrued liabilities	836,195	247,819
Asset retirement obligation	949,167	-
Convertible debentures	-	6,384,880
Total liabilities	1,785,362	6,632,699
Year Ended February 28, 2018		
Operating expenses	710,890	4,182,097
Other expenses	(9,317)	1,108,221
Deferred Income tax recovery	-	(618,718)
Net loss for the year	701,573	4,671,600

(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% (2018 - 26.50%) are as follows:

	2019	2018
Loss before income taxes	**$ (5,449,052)**	$ (6,005,845)
Income tax benefit at the combined Canadian statutory income tax rate	**(1,444,000)**	(1,591,550)
Adjustment to expected income tax benefit:		
Difference in tax rates	**48,220**	45,600
Tax rate changes and other adjustments	**(74,650)**	(71,760)
Share based compensation and non-deductible expenses	**473,110**	683,990
NARL acquisition	**(26,120)**	0
Share issue costs	**(72,650)**	0
Benefit of tax loss not recognized	**1,096,090**	933,720
Net deferred income tax provision (recovery)	**$ -**	$ -

Deferred tax assets

The following table summarizes the components of deferred tax:

	Opening balance	Recognized in net loss	Recognized in equity	Ending balance
Deferred Tax Assets				
Non-capital losses carried forward	$ 350,490	1,044,010	-	$ 1,394,500
Deferred Tax Liabilities				
Convertible debentures	(350,490)	230,070	-	(120,420)
Exploration and Evaluation Assets		(1,274,080)		(1,274,080)
	$ -	-	-	$ -

Deferred taxes 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 non-capital losses have been recognized up to the amount of deferred tax liabilities. 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.

(Expressed in Canadian Dollars)

21. Income Taxes (continued)

Unrecognized deferred tax assets

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

	2019	2018
Deductible temporary differences:		
Exploration and evaluation assets	**$ 10,005,220**	$ 10,005,220
Capital losses	**4,005,050**	4,005,050
Non-capital losses carried forward - Canada	**6,082,060**	2,729,810
Foreign non-capital losses - Finland	**2,013,090**	1,159,340
Mining tax credits	**699,620**	699,620
Share issuance and financing fees	**364,600**	225,040
Other	**22,390**	22,430
	$ 23,192,030	$ 18,846,510

At February 28, 2019, 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	37,810
2037	1,364,910
2038	2,148,620
2039	2,165,730
	$ 6,536,330

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 share issuance and financing costs will be fully amortized in 2023. The remaining deductible temporary differences may be carried forward indefinitely.