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**RUPERT RESOURCES LTD.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE AND SIX MONTHS ENDED

AUGUST 31, 2017 AND 2016  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)

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

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

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

The Board of Directors is responsible for reviewing and approving the unaudited condensed consolidated interim 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 consolidated interim 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 consolidated interim 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 consolidated interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed consolidated interim 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	August 31, 2017	February 28, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	\$ 7,182,752	\$ 14,239,421
Marketable securities (note 4)	96	48
Prepays and sundry receivables (note 5)	52,163	445,371
	<b>7,235,011</b>	<b>14,684,840</b>
<b>Non-current assets</b>		
Restricted cash (note 6)	1,133,350	902,055
Buildings and equipment (note 7)	2,547,090	1,453,714
Exploration and evaluation assets (note 8)	8,277,241	3,993,397
	<b>\$ 19,192,692</b>	<b>\$ 21,034,006</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Amounts payable and accrued liabilities (notes 9 and 15)	\$ 518,596	\$ 1,498,523
<b>Non-current liabilities</b>		
Asset retirement obligation (note 10)	903,584	853,753
Convertible debentures (note 11)	6,011,295	5,661,968
	<b>7,433,475</b>	<b>8,014,244</b>
<b>Shareholders' Equity</b>		
Share capital (note 12)	36,064,281	36,034,997
Contributed surplus	2,513,141	1,152,940
Warrants	-	6,619
Cumulative translation adjustment	201,658	(108,301)
Equity portion of convertible debentures (note 11)	1,716,066	1,716,066
Deficit	(28,735,929)	(25,782,559)
	<b>11,759,217</b>	<b>13,019,762</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 19,192,692</b>	<b>\$ 21,034,006</b>

Nature of Operations and Going Concern (note 1)

Commitments and Contingencies (note 17)

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

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

	Three Months Ended August 31,		Six Months Ended August 31,	
	2017	2016	2017	2016
<b>Operating expenses</b>				
General and administrative expenses (note 13)	\$ 519,124	\$ 395,825	\$ 1,051,163	\$ 606,911
Share-based payments (note 12)	779,412	268,637	1,360,201	400,660
<b>Loss before other items</b>	<b>(1,298,536)</b>	(664,462)	<b>(2,411,364)</b>	(1,007,571)
Depreciation	(19)	(28)	(39)	(56)
Unrealized gain (loss) on marketable securities	54	6	48	12
Accretion and interest expense (note 11)	(274,291)	-	(542,015)	-
<b>Net loss for the period</b>	<b>(1,572,792)</b>	(664,484)	<b>(2,953,370)</b>	(1,007,615)
<b>Other comprehensive loss</b>				
Item that will be reclassified subsequently to income				
Exchange differences on translating foreign operations	(129,761)	(22,110)	201,658	(22,110)
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (1,702,553)</b>	\$ (686,594)	<b>\$ (2,751,712)</b>	\$ (1,029,725)
<b>Basic and diluted net loss per share (note 14)</b>	<b>\$ (0.02)</b>	\$ (0.01)	<b>\$ (0.03)</b>	\$ (0.01)
<b>Weighted average number of common shares outstanding - basic and diluted (note 14)</b>	<b>101,114,992</b>	80,174,662	<b>101,033,953</b>	75,472,798

**Condensed Consolidated Interim Statements of Deficit  
(Expressed in Canadian Dollars)  
(Unaudited)**

	Three Months Ended August 31,		Six Months Ended August 31,	
	2017	2016	2017	2016
<b>Balance, beginning of period</b>	<b>\$ (27,163,137)</b>	\$ (23,730,910)	<b>\$ (25,782,559)</b>	\$ (23,387,779)
<b>Net loss and comprehensive loss for the period</b>	<b>(1,572,792)</b>	(664,484)	<b>(2,953,370)</b>	(1,007,615)
<b>Balance, end of period</b>	<b>\$ (28,735,929)</b>	\$ (24,395,394)	<b>\$ (28,735,929)</b>	\$ (24,395,394)

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>Six Months Ended August 31,</b>	<b>2017</b>	<b>2016</b>
<b>Operating activities</b>		
Net loss for the period	\$ (2,953,370)	\$ (1,007,615)
Adjustments for:		
Share-based payments - vesting of Black-Scholes value of options granted	1,360,201	400,660
Unrealized gain (loss) on marketable securities	(48)	(12)
Depreciation	39	56
Exchange differences on translating foreign operations	309,959	(22,110)
Accretion expense - convertible debentures	349,327	-
Changes in non-cash working capital items:		
Prepays and sundry receivables	393,208	(128,259)
Amounts payable and accrued liabilities	(979,927)	327,536
	<b>(1,520,611)</b>	<b>(429,744)</b>
<b>Financing activities</b>		
Proceeds from exercise of warrants	22,665	672,665
Proceeds from exercise of options	-	34,440
Proceeds from private placement	-	535,000
Share issuance costs	-	(2,808)
	<b>22,665</b>	<b>1,239,297</b>
<b>Investing activities</b>		
Expenditure on exploration and evaluation assets	(4,283,844)	(729,084)
Deposits for restricted cash	(231,295)	-
Purchase of buildings and equipment	(1,043,584)	-
	<b>(5,558,723)</b>	<b>(729,084)</b>
<b>Net change in cash</b>	<b>(7,056,669)</b>	<b>80,469</b>
<b>Cash, beginning of period</b>	<b>14,239,421</b>	<b>12,651</b>
<b>Cash, end of period</b>	<b>\$ 7,182,752</b>	<b>\$ 93,120</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		Cumulative Translation Adjustment	Contributed Surplus	Warrants	Convertible Debentures	Deficit	Total
	Number	Amount						
Balance, February 28, 2017	100,737,215	\$ 36,034,997	\$ (108,301)	\$ 1,152,940	\$ 6,619	\$ 1,716,066	\$(25,782,559)	\$ 13,019,762
Warrants exercised	377,777	29,284	-	-	(6,619)	-	-	22,665
Share-based payments (notes 12 and 15)	-	-	-	1,360,201	-	-	-	1,360,201
Net loss and comprehensive loss for the period	-	-	309,959	-	-	-	(2,953,370)	(2,643,411)
<b>Balance, August 31, 2017</b>	<b>101,114,992</b>	<b>\$ 36,064,281</b>	<b>\$ 201,658</b>	<b>\$ 2,513,141</b>	<b>\$ -</b>	<b>\$ 1,716,066</b>	<b>\$(28,735,929)</b>	<b>\$ 11,759,217</b>
Balance, February 29, 2016	58,317,137	\$ 23,370,816	\$ -	\$ 175,135	\$ -	\$ -	\$(23,387,779)	\$ 158,172
Private placement	11,777,774	324,410	-	-	207,782	-	-	532,192
Warrants exercised	11,099,997	867,334	-	-	(194,668)	-	-	672,666
Stock options exercised	430,500	63,671	-	(29,231)	-	-	-	34,440
Share-based payments	-	-	-	400,660	-	-	-	400,660
Net loss and comprehensive loss for the period	-	-	(22,110)	-	-	-	(1,007,615)	(1,029,725)
<b>Balance, August 31, 2016</b>	<b>81,625,408</b>	<b>\$ 24,626,231</b>	<b>\$ (22,110)</b>	<b>\$ 546,564</b>	<b>\$ 13,114</b>	<b>\$ -</b>	<b>\$(24,395,394)</b>	<b>\$ 768,405</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 Six Months Ended August 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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### 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 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 consolidated interim 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 \$28,735,929 as at August 31, 2017 (February 28, 2017 - \$25,782,559). 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 August 31, 2017, an investor of the Company, Alan Brimacombe, controls 19,292,800 common shares of the Company or approximately 20.00% 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.

### 2. Significant Accounting Policies

#### (a) Statement of Compliance

These unaudited condensed consolidated interim 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 consolidated interim financial statements are based on IFRS issued and outstanding as of October 27, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2017, 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, 2018 could result in restatement of these unaudited condensed consolidated interim financial statements.

#### (b) New Accounting Policies

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

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# Rupert Resources Ltd.

## Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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### 2. Significant Accounting Policies (continued)

#### (c) Future Accounting Pronouncements

IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

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

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. Cash and Cash Equivalents

	As at August 31, 2017	As at February 28, 2017
Cash	\$ 7,082,752	\$ 14,189,421
Guaranteed investment certificates ("GIC's")	100,000	50,000
Total	\$ 7,182,752	\$ 14,239,421

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 August 31, 2017	As at February 28, 2017
Cuba Ventures Corp. - 1,200 common shares	\$ 96	\$ 48

## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

#### 5. Prepaids and Amounts Receivable

	As at August 31, 2017	As at February 28, 2017
Prepaid expenses and sundry receivables	\$ 14,796	\$ 141,008
Sales tax receivable	37,367	304,363
	<b>\$ 52,163</b>	<b>\$ 445,371</b>

#### 6. Restricted cash

In connection with the acquisition of the Pahtavaara Gold Mine, the Company purchased environmental bonds of EURO640,000 (on July 10, 2016) and EURO120,000 (on March 24, 2017), with the sole purpose of settling the future restoration obligations of the mine. The bonds are not interest-bearing and have no maturity date. This cash is not available for general corporate purposes.

#### 7. Buildings and equipment

	Computers	Equipment and Machinery	Buildings	Vehicles	Office Furniture	Total
At February 28, 2017						
Cost	\$ 6,969	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$1,454,712
Accumulated depreciation	(998)	-	-	-	-	(998)
Net book value at February 28, 2017	\$ 5,971	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$1,453,714
At February 28, 2017	\$ 5,971	\$ 442,502	\$ 902,334	\$ 100,009	\$ 2,898	\$1,453,714
Additions	333	1,012,198	52,667	28,048	169	1,093,415
Depreciation	(39)	-	-	-	-	(39)
<b>At August 31, 2017</b>	<b>\$ 6,265</b>	<b>\$1,454,700</b>	<b>\$ 955,001</b>	<b>\$ 128,057</b>	<b>\$ 3,067</b>	<b>\$2,547,090</b>
At August 31, 2017						
Cost	\$ 7,302	\$1,454,700	\$ 955,001	\$ 128,057	\$ 3,067	\$2,548,127
Accumulated depreciation	(1,037)	-	-	-	-	(1,037)
<b>Net book value at August 31, 2017</b>	<b>\$ 6,265</b>	<b>\$1,454,700</b>	<b>\$ 955,001</b>	<b>\$ 128,057</b>	<b>\$ 3,067</b>	<b>\$2,547,090</b>

## Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements  
Three and Six Months Ended August 31, 2017  
(Expressed in Canadian Dollars)  
(Unaudited)

### 8. Exploration and Evaluation Assets

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

	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	-	44,863	44,863
Licenses and permits	-	9,303	9,303
	\$ 185,945	\$ 3,861,618	\$ 4,047,563
<u>Exploration and Evaluation Costs</u>			
Assays	\$ -	\$ 422,880	\$ 422,880
Geological consulting	-	212,329	212,329
Consulting	-	42,135	42,135
Geophysics	-	27,394	27,394
Drilling	-	2,029,045	2,029,045
Equipment rental	-	24,458	24,458
Transportation	-	19,522	19,522
Fuel	-	11,021	11,021
Project administration	-	3,475	3,475
Utilities	-	359,986	359,986
Equipment	-	5,740	5,740
Salary	-	1,061,174	1,061,174
Surveying	-	10,519	10,519
<b>Balance, August 31, 2017</b>	<b>\$ 185,945</b>	<b>\$ 8,091,296</b>	<b>\$ 8,277,241</b>
Balance, February 29, 2016	\$ 185,945	\$ -	\$ 185,945
<u>Acquisition Costs</u>			
Option Payments	-	133,495	133,495
Property taxes	-	819	819
Licenses and permits	-	1,034	1,034
	185,945	135,348	321,293
<u>Exploration and Evaluation Costs</u>			
Assays	-	28,844	28,844
Geological consulting	-	119,758	119,758
Consulting	-	7,314	7,314
Drilling	-	309,696	309,696
Transportation	-	2,047	2,047
Field expenditures	-	16,595	16,595
Utilities	-	70,419	70,419
Equipment	-	39,063	39,063
Balance, August 31, 2016	\$ 185,945	\$ 729,084	\$ 915,029

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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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

##### Pahtavaara Gold Mine

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

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

#### 9. Amounts Payable and Accrued Liabilities

	<b>As at August 31, 2017</b>	<b>As at February 29, 2017</b>
Trade payables	\$ 159,211	\$ 1,000,411
Accrued liabilities	<b>359,385</b>	498,112
	<u><b>\$ 518,596</b></u>	<u>\$ 1,498,523</u>

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**Rupert Resources Ltd.**  
**Notes to Condensed Consolidated Interim Financial Statements**  
**Three and Six Months Ended August 31, 2017**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**10. Asset retirement obligation**

Balance - February 29, 2016	\$ -
Balance - February 28, 2017	\$ 853,753
Foreign exchange adjustment	49,831
<b>Balance - August 31, 2017</b>	<b>\$ 903,584</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 (\$903,584). 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.

Refer to note 6 for assets pledged and restricted for the purposes of settling future site restoration obligations.

**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 is \$5,300,700 (\$5,350,695 net of transaction costs) and the residual equity component is \$1,716,066. Accretion charges attributable to the convertible debentures for the six months ended August 31, 2017 was \$349,327. 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.

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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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## 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 August 31, 2017, the issued share capital amounted to \$36,064,281. There were the following changes in issued share capital for the six months ended August 31, 2017:

	<b>Number of Common Shares</b>	<b>Amount</b>
Balance, February 28, 2017	100,737,215	\$ 36,034,997
Warrants exercised	377,777	29,284
<b>Balance, August 31, 2017</b>	<b>101,114,992</b>	<b>\$ 36,064,281</b>
Balance, February 29, 2016	58,317,137	\$ 23,370,816
Private placement <sup>(1)</sup>	11,777,774	327,218
Warrants exercised	11,099,997	867,334
Stock options exercised	430,500	63,671
Share issue costs	-	(2,808)
Balance, August 31, 2016	81,625,408	\$ 24,626,231

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

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

# Rupert Resources Ltd.

## Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(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 six months ended August 31, 2017 and August 31, 2016:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, February 28, 2017	6,165,000	0.30
Granted <sup>(1)(2)</sup>	2,450,000	1.11
<b>Balance, August 31, 2017</b>	<b>8,615,000</b>	<b>0.50</b>
Balance, February 29, 2016	2,300,000	0.09
Exercised	(430,500)	0.08
Granted <sup>(3)(4)</sup>	4,565,000	0.24
Balance, August 31, 2016	6,434,500	0.20

<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, 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 \$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.

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

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

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

For the three and six months ended August 31, 2017, the impact on share-based compensation was and \$1,360,201, respectively (three and six months ended August 31, 2016 - \$268,637 and \$400,660, respectively).

## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(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 August 31, 2017:

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	1.36	500,000	500,000	-
May 20, 2019	0.18	1.72	250,000	250,000	-
March 24, 2021	0.175	3.56	3,740,000	1,870,000	1,870,000
June 10, 2021	0.56	3.78	825,000	412,500	412,500
November 9, 2021	0.76	4.19	850,000	-	850,000
April 22, 2022	1.01	4.63	2,250,000	-	2,250,000
April 22, 2022	1.08	4.63	200,000	50,000	150,000
	<b>0.50</b>	<b>3.77</b>	<b>8,615,000</b>	<b>3,082,500</b>	<b>5,532,500</b>

##### Warrants

The following table reflects the continuity of warrants for the six months ended August 31, 2017 and August 31, 2016:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, February 28, 2017	377,777	0.06
Exercised	(377,777)	0.06
<b>Balance, August 31, 2017</b>	<b>-</b>	<b>-</b>
Balance, February 29, 2016	-	
Exercised	(11,099,997)	0.06
Granted	11,777,774	0.06
Balance, August 31, 2016	677,777	0.06

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## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements

Three and Six Months Ended August 31, 2017

(Expressed in Canadian Dollars)

(Unaudited)

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#### 13. General and Administrative Expenses

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2017	2016	2017	2016
Consulting	\$ 21,419	\$ 9,539	\$ 30,794	\$ 13,390
Office and sundry	117,038	36,448	280,293	44,009
Professional fees	41,776	18,864	97,718	63,904
Investigation of prospective property interests	-	(559)	93	17,092
Regulatory fees	225	375	11,917	522
Salaries and benefits (note 15)	184,605	177,799	309,051	217,099
Shareholder communications	255	355	510	660
Transfer agent	12,802	27,730	35,208	34,647
Travel	141,004	125,274	285,579	215,588
	\$ 519,124	\$ 395,825	\$ 1,051,163	\$ 606,911

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#### 14. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the three and six months ended August 31, 2017 was based on the loss attributable to common shareholders of \$1,572,792 and \$2,953,370, respectively (three and six months ended August 31, 2016 - \$664,484 and \$1,007,615, respectively) and the weighted average number of common shares outstanding of 101,114,992 and 101,033,953, respectively for the three and six months ended August 31, 2017 (three and six months ended August 31, 2016 - 80,174,662 and 75,472,798, respectively). Diluted loss per share did not include the effect of 8,615,000 stock options (three and six months ended August 31, 2016 - 6,434,500) or nil warrants (three and six months ended August 31, 2016 - 677,777) as they are anti-dilutive.

## Rupert Resources Ltd.

### Notes to Condensed Consolidated Interim Financial Statements Three and Six Months Ended August 31, 2017 (Expressed in Canadian Dollars) (Unaudited)

#### 15. Related Party Transactions

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

	Three Months Ended		Six Months Ended	
	August 31,		August 31,	
	2017	2016	2017	2016
Remuneration paid to Executive Chairman <sup>(1)(2)</sup>	\$ 47,671	\$ 38,067	\$ 129,392	\$ 77,367
Remuneration paid to CEO <sup>(3)</sup>	76,530	-	114,097	-
Share-based payments - Black-Scholes value	505,895	123,741	834,010	175,422
Marrelli Support Services Inc. <sup>(4)</sup>	9,828	7,021	17,796	12,726
Gowling WLG (Canada) LLP <sup>(5)</sup>	8,711	14,396	31,542	14,396

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

<sup>(2)</sup> The Company entered into an agreement with the Executive Chairman of the Company to pay him a monthly consulting fee of US\$10,000 effective March 1, 2016, the monthly fee was increased to US\$16,000 on January 1, 2017. During the three and six months ended August 31, 2017, \$47,671 and \$129,392, respectively (three and six months ended August 31, 2016 - \$38,067 and \$77,367, respectively) was expensed as salaries and benefits. As at August 31, 2017, the Executive Chairman was owed \$nil for salaries and reimbursable expenses (February 28, 2017 - \$29,218) and this amount was included in amounts payable and accrued liabilities.

<sup>(3)</sup> The Company entered into an agreement with the Chief Executive Officer of the Company to pay him a monthly base salary of GBP15,352 effective April 18, 2017, and was increased to GBP15,454 after 4 months. During the three and six months ended August 31, 2017, \$76,530 and \$114,097, respectively (three and six months ended August 31, 2016 - ) was expensed as salaries. As at August 31, 2017, the Chief Executive Officer was owed \$2,466 for salaries and reimbursable expenses (February 28, 2017 - \$nil) and this amount was included in amounts payable and accrued liabilities.

<sup>(4)</sup> On July 1, 2012, Rupert entered into an accounting support services agreement with Marrelli Support Services Inc. ("MSSI") where under MSSI provided, beginning July 1, 2012, certain accounting support services. On October 22, 2012, in connection with such agreement with MSSI, Rupert retained Mr. Robert D. B. Suttie, Vice President of MSSI, as its Chief Financial Officer. During the three and six months ended August 31, 2017, \$9,828 and \$17,796, respectively (three and six months ended August 31, 2016 - \$7,021 and \$12,726, respectively) was expensed with respect to the services provided. As at August 31, 2017, MSSI was owed \$11,596 (February 28, 2017 - \$5,203). These amounts are included in amounts payable and accrued liabilities.

<sup>(5)</sup> During the three and six months ended August 31, 2017, legal fees and reimbursements of \$8,711 and \$31,542, respectively (three and six months ended August 31, 2016 - \$14,396) were paid to a legal firm of which the Company's Corporate Secretary is a partner. Included in accounts payable and accrued liabilities is \$nil (February 28, 2017 - \$29,042) pertaining to these fees and ancillary expense reimbursements.

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

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

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## **Rupert Resources Ltd.**

**Notes to Condensed Consolidated Interim Financial Statements**

**Three and Six Months Ended August 31, 2017**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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### **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.