
RUPERT RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

MAY 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

NOTICE TO READER

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

Rupert Resources Ltd.

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

As at	May 31, 2019	February 28, 2019
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 3,795,166	\$ 5,949,381
Marketable securities (note 4)	258	282
Prepays and sundry receivables (note 5)	180,966	391,672
	3,976,390	6,341,335
Non-current assets		
Restricted cash (note 6)	1,122,992	1,204,899
Buildings and equipment (note 7)	2,743,412	2,723,798
Exploration and evaluation assets (note 8)	25,244,224	23,602,400
	\$ 33,087,018	\$ 33,872,432
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts payable and accrued liabilities (notes 9 and 15)	\$ 1,030,997	\$ 1,490,669
Convertible debentures (note 11)	7,596,200	7,253,233
	8,627,197	8,743,902
Non-current liabilities		
Asset retirement obligation (note 10)	1,215,860	1,203,465
Convertible debentures (note 11)	-	-
	9,843,057	9,947,367
Shareholders' Equity		
Share capital (note 12)	54,216,150	54,216,150
Contributed surplus (note 12)	5,122,030	4,640,839
Cumulative translation adjustment	240,361	96,376
Equity portion of convertible debentures (note 11)	1,716,066	1,716,066
Deficit	(38,050,646)	(36,744,366)
	23,243,961	23,925,065
Total liabilities and shareholders' equity	\$ 33,087,018	\$ 33,872,432

Nature of Operations (note 1)

Commitments and Contingencies (note 17)

Subsequent Event (note 18)

Approved on behalf of the Board:

(Signed) "Gunnar Nilsson" Director

(Signed) "James Withall" Director

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	
	May 31,	
	2019	2018
Operating expenses		
General and administrative expenses (note 13)	\$ 489,111	\$ 544,068
Share-based payments (note 12)	481,191	415,857
Loss before other items	(970,302)	(959,925)
Depreciation	(10)	(14)
Unrealized gain (loss) on marketable securities	(24)	(54)
Accretion and interest expense (note 11)	(346,683)	(301,907)
Other Income	10,739	500
Net loss for the period	(1,306,280)	(1,261,400)
Other comprehensive loss		
Item that will be reclassified subsequently to income		
Exchange differences on translating foreign operations	143,985	(445,474)
Net loss and comprehensive loss for the period	\$ (1,162,295)	\$ (1,706,874)
Basic and diluted net loss per share (note 14)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding - basic and diluted (note 14)	122,728,573	107,284,997

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

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

Three Months Ended May 31,	2019	2018
Operating activities		
Net loss for the period	\$ (1,306,280)	\$ (1,261,400)
Adjustments for:		
Share-based payments - vesting of Black-Scholes value of options granted	481,191	415,857
Unrealized gain (loss) on marketable securities	24	54
Depreciation	10	14
Exchange differences on translating foreign operations	5,997	(70,931)
Accretion expense	346,683	301,907
Changes in non-cash working capital items:		
Prepays and sundry receivables	210,706	29,699
Amounts payable and accrued liabilities	(459,672)	(164,869)
	(721,341)	(749,669)
Financing activities		
Proceeds from private placement	-	2,434,049
Share issuance costs	-	(113,685)
	-	2,320,364
Investing activities		
Expenditure on exploration and evaluation assets	(1,514,781)	(896,010)
Deposits for restricted cash	81,907	37,507
Purchase of buildings and equipment	-	(22,863)
	(1,432,874)	(881,366)
Net change in cash	(2,154,215)	689,329
Cash, beginning of period	5,949,381	5,487,407
Cash, end of period	\$ 3,795,166	\$ 6,176,736

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

Rupert Resources Ltd.

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

	Share Capital	Shares to be issued	Cumulative Translation Adjustment	Contributed Surplus	Warrants	Convertible Debentures	Deficit	Total
Balance, February 28, 2019	\$ 54,216,150	\$ -	\$ 96,376	\$ 4,640,839	\$ -	\$ 1,716,066	\$(36,744,366)	\$ 23,925,065
Share-based payments (notes 12 and 15)	-	-	-	481,191	-	-	-	481,191
Net loss and comprehensive loss for the period	-	-	143,985	-	-	-	(1,306,280)	(1,162,295)
Balance, May 31, 2019	\$ 54,216,150	\$ -	\$ 240,361	\$ 5,122,030	\$ -	\$ 1,716,066	\$(38,050,646)	\$ 23,243,961
Balance, February 28, 2018	\$ 36,106,781	\$ 2,465,951	\$ 818,385	\$ 3,707,511	\$ -	\$ 1,716,066	\$(31,788,404)	\$ 13,026,290
Shares to be issued	4,786,315	(2,465,951)	-	-	-	-	-	2,320,364
Shares issued for property acquisition	5,404,813	-	-	-	-	-	-	5,404,813
Share-based payments (notes 12 and 15)	-	-	-	415,857	-	-	-	415,857
Net loss and comprehensive loss for the period	-	-	(445,474)	-	-	-	(1,261,400)	(1,706,874)
Balance, May 31, 2018	\$ 46,297,909	\$ -	\$ 372,911	\$ 4,123,368	\$ -	\$ 1,716,066	\$(33,049,804)	\$ 19,460,450

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

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. Nature of Operations

Rupert Resources Ltd. (the "Company" or "Rupert") is a company incorporated under the laws of the Province of British Columbia. The Company is currently seeking out viable mineral exploration and evaluation opportunities and 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 unaudited condensed interim 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 unaudited condensed interim 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 \$1,306,280 for the three months ended May 31, 2019 (three months ended May 31, 2018 - \$1,261,400) and had an accumulated deficit of \$38,050,646 as at May 31, 2019 (February 28, 2019 - \$36,744,366). The Company has a working deficit of \$4,650,807 (February 28, 2019 - working capital of \$2,402,567). 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 May 31, 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 8).

2. Significant Accounting Policies

(a) Statement of Compliance

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

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of July 22, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2019, 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 29, 2020 could result in restatement of these unaudited condensed interim consolidated financial statements.

Rupert Resources Ltd.
Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended May 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant Accounting Policies (continued)

(b) New Accounting Policies

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"). Based on the Company's assessment, the Company has determined that this standard has no significant impact on its unaudited condensed interim 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 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. 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 has significant impact on its unaudited condensed interim consolidated financial statements.

(c) Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after March 01, 2020. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

IAS 1 and IAS 8 were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted. The Company is currently assessing the impact on the unaudited condensed interim consolidated financial statements.

3. Cash and Cash Equivalents

	As at May 31, 2019	As at February 28, 2019
Cash	\$ 3,695,166	\$ 5,849,381
Guaranteed investment certificates ("GIC's")	100,000	100,000
Total	\$ 3,795,166	\$ 5,949,381

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.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. Marketable Securities

	As at May 31, 2019	As at February 28, 2019
Cuba Ventures Corp. - 1,200 common shares	\$ 258	\$ 282

5. Prepaids and Sundry Receivables

	As at May 31, 2019	As at February 28, 2019
Prepaid expenses and sundry receivables	\$ 165,661	\$ 210,677
Sales tax receivable	15,305	180,995
	\$ 180,966	\$ 391,672

6. Restricted Cash

In connection with the acquisition of the Pahtavaara Gold Mine, the Company purchased environmental bonds of EURO 640,000 in July of 2016. In March 2017 and October 2017, the Company purchased additional environmental bonds of EURO 30,000 and EURO 60,000. The sole purpose of these bonds is for settling the future restoration obligations of the Pahtavaara Gold Mine (note 10). The bonds are not interest-bearing and have no maturity date. This cash is not available for general corporate purposes.

In March 2017, the Company paid a EURO 60,000 deposit with a utility company to protect them against the risk of default. This was repaid to the Company in March 2019.

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.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

7. Buildings and Equipment

	Computers	Equipment and Machinery	Buildings	Vehicles	Office Furniture	Total
Period ended May 31, 2018						
At February 28, 2018	\$ 6,531	\$1,564,917	\$1,003,178	\$ 111,186	\$ 3,221	\$2,689,033
Additions	-	22,863	-	42,599	-	65,462
Foreign exchange differences	(192)	(47,434)	(30,407)	(3,370)	(87)	(81,490)
Depreciation	(14)	-	-	-	-	(14)
	\$ 6,325	\$1,540,346	\$ 972,771	\$ 150,415	\$ 3,134	\$2,672,991
At May 31, 2018						
Cost	\$ 7,415	\$1,540,346	\$ 972,771	\$ 150,415	\$ 3,124	\$2,674,071
Accumulated depreciation	(1,090)	-	-	-	-	(1,090)
Net book value at May 31, 2018	\$ 6,325	\$1,540,346	\$ 972,771	\$ 150,415	\$ 3,124	\$2,672,981
Period ended May 31, 2019						
At February 28, 2019	\$ 6,213	\$1,614,727	\$ 961,609	\$ 138,161	\$ 3,088	\$2,723,798
Foreign exchange differences	45	11,633	6,928	996	22	19,624
Depreciation	(10)	-	-	-	-	(10)
At May 31, 2019	\$ 6,248	\$1,626,360	\$ 968,537	\$ 139,157	\$ 3,110	\$2,743,412
At May 31, 2019						
Cost	\$ 7,389	\$1,626,360	\$ 968,537	\$ 149,684	\$ 3,110	\$2,755,080
Accumulated depreciation	(1,141)	-	-	(10,527)	-	(11,668)
Net book value at May 31, 2019	\$ 6,248	\$1,626,360	\$ 968,537	\$ 139,157	\$ 3,110	\$2,743,412

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

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Exploration and Evaluation Assets

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

	Osikonmaki Property	Hirsikangas Property	Gold Centre Property	Pahtavaara Gold Mine	Total
Balance, February 28, 2019	\$ 3,042,130	\$ 2,684,923	\$ 200,660	\$ 17,674,687	\$ 23,602,400
<u>Acquisition Costs</u>					
Licenses and permits	-	37,164	-	48,896	86,060
	\$ 3,042,130	\$ 2,722,087	\$ 200,660	\$ 17,723,583	\$ 23,688,460
<u>Exploration and Evaluation Costs</u>					
Assays	\$ -	\$ -	\$ -	\$ 224,223	\$ 224,223
Geological consulting	-	-	-	22,237	22,237
Geophysics	-	-	-	100,581	100,581
Drilling	-	-	-	579,767	579,767
Equipment rental	-	-	-	2,927	2,927
Transportation	-	-	-	2,425	2,425
Fuel	-	-	-	10,108	10,108
Utilities	-	-	-	54,980	54,980
Salary	-	50,779	-	416,099	466,878
Foreign exchange differences	889	(30,045)	-	120,794	91,638
Balance, May 31, 2019	\$ 3,043,019	\$ 2,742,821	\$ 200,660	\$ 19,257,724	\$ 25,244,224

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. Exploration and Evaluation Assets (continued)

	Osikonmaki Property	Hirsikangas Property	Gold Centre Property	Pahtavaara Gold Mine	Total
Balance, February 28, 2018	\$ -	\$ -	\$ 185,945	\$ 11,691,759	\$ 11,877,704
<u>Acquisition Costs</u>					
Acquisition of NARL	3,046,386	2,075,743	-	-	5,122,129
Licenses and permits	11	1,386	-	48,631	50,028
	\$ 3,046,397	\$ 2,077,129	\$ 185,945	\$ 11,740,390	\$ 17,049,861
<u>Exploration and Evaluation Costs</u>					
Assays	\$ -	\$ -	\$ -	\$ 189,141	\$ 189,141
Geological consulting	-	-	-	220,488	220,488
Geophysics	-	-	-	3,505	3,505
Drilling	-	196,395	-	26,206	222,601
Equipment rental	-	-	-	8,302	8,302
Transportation	-	-	-	4,849	4,849
Fuel	-	-	-	5,222	5,222
Utilities	-	-	-	59,998	59,998
Salaries	-	25,955	-	369,644	395,599
Foreign exchange difference	(2,824)	(8,995)	-	(333,632)	(345,451)
Balance, May 31, 2018	\$ 3,043,573	\$ 2,290,484	\$ 185,945	\$ 12,294,113	\$ 17,814,115

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 124km² 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 29, 2020.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. 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 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⁾	<u>\$ 5,404,813</u>
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	<u>(375,349)</u>
Total	<u>\$ 5,404,813</u>

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

9. Amounts Payable and Accrued Liabilities

	As at May 31, 2019	As at February 28, 2019
Trade payables	\$ 338,432	\$ 771,172
Accrued liabilities	692,565	719,497
	<u>\$ 1,030,997</u>	<u>\$ 1,490,669</u>

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

10. Asset retirement obligation

Balance, February 28, 2019	\$ 1,203,465
Foreign exchange adjustment	8,679
Add: increase in restoration provision period	3,716
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Balance, May 31, 2019	\$ 1,215,860
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Balance, February 28, 2018	\$ 949,167
Foreign exchange adjustment	(39,264)
Add: increase in restoration provision period	\$ 297,327
Present value adjustment	\$ (3,765)
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Balance, February 28, 2019	\$ 1,203,465

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 (\$1,283,330). 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 last financial year, the Finnish Mining Authority estimated an additional EURO210,000 (\$317,058) 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 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.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

11. 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 three months ended May 31, 2019 was \$342,967 (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 \$nil (May 31, 2018 - \$385,375).

Balance, February 28, 2019	\$ 7,253,233
Add: accretion for the period	342,967
Balance - May 31, 2019	\$ 7,596,200

Balance - February 28, 2018	\$ 6,384,880
Add: accretion for the period	301,907
Balance - May 31, 2018	\$ 6,686,787

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 May 31, 2019, the issued share capital amounted to \$54,216,150. There were the following changes in issued share capital for the three months ended May 31, 2019 and May 31, 2018:

	Number of Common Shares	Amount
Balance, February 28, 2019 and May 31, 2019	122,728,573	\$ 54,216,150
Balance, February 28, 2018	101,214,992	\$ 36,106,781
Private placement ⁽¹⁾	5,903,615	4,900,000
Share issue costs	-	(113,685)
Shares issued for NARL acquisition (note 8)	4,913,466	5,404,813
Shares cancelled ⁽²⁾	(352,500)	-
Balance, May 31, 2018	111,679,573	\$ 46,297,909

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

12. Share Capital and Reserves (continued)

Issued Share Capital (continued)

- (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.

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 three months ended May 31, 2019 and May 31, 2018:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, February 28, 2019 and May 31, 2019	8,135,000	0.74
Balance, February 28, 2018 and May 31, 2018	8,315,000	0.49

For the three months ended May 31, 2019, the impact on share-based compensation was \$481,191 (three months ended May 31, 2018 - \$415,857).

The following table reflects the actual stock options issued and outstanding as of May 31, 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	1.82	2,040,000	2,040,000	-
June 10, 2021	0.56	2.03	525,000	525,000	-
November 9, 2021	0.76	2.45	775,000	775,000	-
April 22, 2022	1.01	2.88	2,170,000	2,170,000	-
July 31, 2023	1.00	4.17	2,625,000	-	2,625,000
	0.74	2.93	8,135,000	5,510,000	2,625,000

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements Three Months Ended May 31, 2019 (Expressed in Canadian Dollars) (Unaudited)

13. General and Administrative Expenses

	Three Months Ended May 31,	
	2019	2018
Consulting	\$ -	\$ 4,557
Office and sundry	158,463	168,355
Professional fees	69,969	50,263
Investigation of prospective property interests	95	17
Regulatory fees	75	12,042
Salaries and benefits (note 15)	193,911	186,622
Shareholder communications	-	170
Transfer agent	11,939	24,867
Travel	54,659	97,175
	\$ 489,111	\$ 544,068

14. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the three months ended May 31, 2019 was based on the loss attributable to common shareholders of \$1,306,280 (three months ended May 31, 2018 - \$1,261,400) and the weighted average number of common shares outstanding of 122,728,573 for the three months ended May 31, 2019 (three months ended May 31, 2018 - 107,284,997). Diluted loss per share did not include the effect of 8,135,000 stock options (three months ended May 31, 2018 - 8,315,000) as they are anti-dilutive.

15. 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:

	Three Months Ended May 31,	
	2019	2018
Remuneration paid to Non-Executive Chairman ⁽¹⁾⁽²⁾	\$ 9,000	\$ -
Remuneration paid to CEO ⁽³⁾	80,518	86,020
Remuneration paid to CFO ⁽⁴⁾	23,073	31,119
Share-based payments - Black-Scholes value	284,678	319,810
Marrelli Support Services Inc. ⁽⁵⁾	7,887	8,018

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

(2) The Company entered into an agreement with the Non-Executive Chairman of the Company to pay him a monthly consulting fee of \$3,000 from July 1, 2018. During the three months ended May 31, 2019, \$9,000 (three months ended May 31, 2018 - \$nil) were paid.

(3) The Company entered into an agreement with the Chief Executive Officer of the Company to pay him a monthly base salary of GBP15,000. During the three months ended May 31, 2019, \$80,518 (three months ended May 31, 2018 - \$86,020) was expensed as salaries. As at May 31, 2019, the Chief Executive Officer was owed \$694 for reimbursable expenses (February 28, 2019 - \$789) and this amount was included in amounts payable and accrued liabilities.

(4) The Company entered into an agreement with the Chief Financial Officer of the Company to pay him a monthly base salary of GBP5,833. During the three months ended May 31, 2019, \$23,073 (three months ended May 31, 2018 - \$31,119) was expensed as salaries. As at May 31, 2019, the Chief Financial Officer was owed \$nil for reimbursable expenses (February 28, 2019 - \$1,815) and this amount was included in amounts payable and accrued liabilities.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2019

(Expressed in Canadian Dollars)

(Unaudited)

15. Related Party Transactions (continued)

⁽⁵⁾ The Company entered into an accounting support services agreement with MSSSI where under MSSSI provided, certain accounting support services. A director of the Company, Mr. Robert D. B. Suttie is Vice President of MSSSI. During the three months ended May 31, 2019, \$7,887 (three months ended May 31, 2018 - \$8,018) was expensed with respect to the services provided. As at May 31, 2019, MSSSI was owed \$5,670 (February 28, 2019 - \$2,973). These amounts are included in amounts payable and accrued liabilities.

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

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

16. Segment Information

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

17. Commitments and Contingencies

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

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

18. Subsequent Event

On July 16, 2019, the Company filed an application to amend the terms of its 5.00% secured convertible debentures with an outstanding aggregate principal amount of CAD\$7,705,000 (the "Convertible Debentures"). The amendment will decrease the conversion price at which each Convertible Debenture will be convertible into common shares of the Company ("Common Shares") from CAD\$0.95 per Common Share to CAD\$0.85 per Common Share.