



RUPERT RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED

MAY 31, 2020

(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, 2020 | February 29, 2020 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents (note 3) | \$ 9,523,963 | \$ 14,313,403 |
| Prepays and sundry receivables (note 4) | 220,784 | 364,356 |
| | 9,744,747 | 14,677,759 |
| Non-current assets | | |
| Restricted cash (note 5) | 1,376,425 | 1,319,788 |
| Buildings and equipment (note 6) | 2,833,209 | 2,713,362 |
| Exploration and evaluation assets (note 7) | 37,165,977 | 32,873,298 |
| | \$ 51,120,358 | \$ 51,584,207 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Amounts payable and accrued liabilities (notes 8 and 14) | \$ 1,478,467 | \$ 2,388,987 |
| Convertible debentures (note 10) | - | - |
| | 1,478,467 | 2,388,987 |
| Non-current liabilities | | |
| Asset retirement obligation (note 9) | 1,233,255 | 1,189,124 |
| | 2,711,722 | 3,578,111 |
| Shareholders' Equity | | |
| Share capital (note 11) | 80,328,629 | 80,328,629 |
| Contributed surplus (note 11) | 6,740,498 | 6,322,098 |
| Warrants (note 11) | 3,086,786 | 3,086,786 |
| Cumulative translation adjustment | 821,873 | (221,811) |
| Equity portion of convertible debentures (note 10) | 75,700 | 75,700 |
| Deficit | (42,644,850) | (41,585,306) |
| | 48,408,636 | 48,006,096 |
| Total liabilities and shareholders' equity | \$ 51,120,358 | \$ 51,584,207 |

Nature of Operations (note 1)

Commitments and Contingencies (note 16)

Subsequent Event (note 17)

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, 2020 | May 31, 2019 |
| Operating expenses | | |
| General and administrative expenses (note 12) | \$ 641,910 | \$ 489,111 |
| Share-based payments (note 11) | 418,400 | 481,191 |
| Loss before other items | (1,060,310) | (970,302) |
| Depreciation | (7) | (10) |
| Realized and unrealized gain (loss) on marketable securities | - | (24) |
| Accretion and interest expense (notes 9 and 10) | - | (346,683) |
| Other income | 773 | 10,739 |
| Net (loss) for the period | (1,059,544) | (1,306,280) |
| Other comprehensive (loss) | | |
| Item that will be reclassified subsequently to income | | |
| Exchange differences on translating foreign operations | 1,043,684 | 143,985 |
| Net (loss) and comprehensive (loss) for the period | \$ (15,860) | \$ (1,162,295) |
| Basic and diluted net (loss) per share (note 13) | \$ (0.01) | \$ (0.01) |
| Weighted average number of common shares outstanding - basic and diluted (note 13) | 132,270,587 | 122,728,573 |

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, | 2020 | 2019 |
|--|---------------------|---------------------|
| Operating activities | | |
| Net loss for the period | \$ (1,059,544) | \$ (1,306,280) |
| Adjustments for: | | |
| Share-based payments - vesting of Black-Scholes value of options granted | 418,400 | 481,191 |
| Unrealized gain on marketable securities | - | 24 |
| Depreciation | 7 | 10 |
| Exchange differences on translating foreign operations | (59,735) | 5,997 |
| Accretion expense | - | 346,683 |
| Changes in non-cash working capital items: | | |
| Prepays and sundry receivables | 143,572 | 210,706 |
| Amounts payable and accrued liabilities | (910,520) | (459,672) |
| | (1,467,820) | (721,341) |
| Investing activities | | |
| Expenditure on exploration and evaluation assets | (3,302,462) | (1,514,781) |
| Net deposits for restricted cash | - | 81,907 |
| Purchase of buildings and equipment | (19,158) | - |
| | (3,321,620) | (1,432,874) |
| Net change in cash | (4,789,440) | (2,154,215) |
| Cash, beginning of period | 14,313,403 | 5,949,381 |
| Cash, end of period | \$ 9,523,963 | \$ 3,795,166 |

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 |
|--|----------------------|---|------------------------|---------------------|---------------------------|-----------------------|----------------------|
| Balance, February 29, 2020 | \$ 80,328,629 | \$ (221,811) | \$ 6,322,098 | \$ 3,086,786 | \$ 75,700 | \$(41,585,306) | \$ 48,006,096 |
| Share-based payments (notes 11 and 14) | - | - | 418,400 | - | - | - | 418,400 |
| Net loss and comprehensive loss for the period | - | 1,043,684 | - | - | - | (1,059,544) | (15,860) |
| Balance, May 31, 2020 | \$ 80,328,629 | \$ 821,873 | \$ 6,740,498 | \$ 3,086,786 | \$ 75,700 | \$(42,644,850) | \$ 48,408,636 |
| 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 11 and 14) | - | - | 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 |

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, 2020

(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.

The Company's outstanding common shares trade on the TSX Venture Exchange under the symbol RUP. As at May 31, 2020, an investor of the Company, Alan Brimacombe, controlled 19,796,800 common shares of the Company or approximately 12.7% 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 7).

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 29, 2020, 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 29, 2020, 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, 2021 could result in restatement of these unaudited condensed interim consolidated financial statements.

(b) New Accounting Policies Adopted

IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

2. Significant Accounting Policies (continued)

(b) New Accounting Policies (continued)

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's 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 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded.

3. Cash and Cash Equivalents

| | As at May 31, 2020 | As at February 29, 2020 |
|--|--------------------------|-------------------------------|
| Cash | \$ 9,423,963 | \$ 14,213,403 |
| Guaranteed investment certificates ("GIC's") | 100,000 | 100,000 |
| Total | \$ 9,523,963 | \$ 14,313,403 |

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. Prepaids and Sundry Receivables

| | As at May 31, 2020 | As at February 29, 2020 |
|---|--------------------------|-------------------------------|
| Prepaid expenses and sundry receivables | \$ 182,814 | \$ 149,337 |
| Other receivable | 5,255 | 15,947 |
| Sales tax receivable | 32,715 | 199,072 |
| | \$ 220,784 | \$ 364,356 |

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

5. 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, October 2017 and October 2019, the Company purchased additional environmental bonds of EURO 30,000, EURO 60,000, and EURO 150,000, respectively. The sole purpose of these bonds is for settling the future restoration obligations of the Pahtavaara Gold Mine (note 9). 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 in 2019, 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.

6. Buildings and Equipment

| | Computers | Equipment and Machinery | Buildings | Vehicles | Office Furniture | Total |
|---------------------------------------|-----------------|-------------------------------|-------------------|-------------------|---------------------|--------------------|
| 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) |
| | \$ 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 |
| Period ended May 31, 2020 | | | | | | |
| At February 29, 2020 | \$ 6,084 | \$1,628,678 | \$ 947,239 | \$ 128,319 | \$ 3,042 | \$2,713,362 |
| Additions | - | 19,158 | - | - | - | 19,158 |
| Foreign exchange differences | 253 | 60,444 | 35,154 | 4,808 | 113 | 100,772 |
| Depreciation | (38) | - | - | (45) | - | (83) |
| At May 31, 2020 | \$ 6,299 | \$1,708,280 | \$ 982,393 | \$ 133,082 | \$ 3,155 | \$2,833,209 |
| At May 31, 2020 | | | | | | |
| Cost | \$ 7,476 | \$1,708,280 | \$ 982,393 | \$ 151,275 | \$ 3,155 | \$2,852,579 |
| Accumulated depreciation | (1,208) | - | - | (18,193) | - | (19,401) |
| Net book value at May 31, 2020 | \$ 6,268 | \$1,708,280 | \$ 982,393 | \$ 133,082 | \$ 3,155 | \$2,833,178 |

Depreciation has not been charged on buildings and equipment as they have been determined by management not to be available for use.

At May 31, 2020 and May 31, 2019, management assessed the assets classified as not available for use for impairment. No impairment losses were noted for both years.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

7. 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 29, 2020 | \$ 2,995,551 | \$ 2,982,245 | \$ 200,660 | \$ 26,694,842 | \$ 32,873,298 |
| <u>Acquisition Costs</u> | | | | | |
| Licenses and permits | - | 216,907 | - | 69,467 | 286,374 |
| | \$ 2,995,551 | \$ 3,199,152 | \$ 200,660 | \$ 26,764,309 | \$ 33,159,672 |
| <u>Exploration and Evaluation Costs</u> | | | | | |
| Assays | \$ - | \$ - | \$ - | \$ 773,539 | \$ 773,539 |
| Geological consulting | - | - | - | 59,579 | 59,579 |
| Consulting | - | - | - | 72,731 | 72,731 |
| Geophysics | - | 33,787 | - | 57,253 | 91,040 |
| Drilling | - | - | - | 1,303,721 | 1,303,721 |
| Equipment rental | - | - | - | 6,240 | 6,240 |
| Transportation | - | - | - | 16,287 | 16,287 |
| Travel | - | - | - | 6,974 | 6,974 |
| Utilities | - | - | - | 68,862 | 68,862 |
| Salary | - | - | - | 578,379 | 578,379 |
| Foreign exchange differences | 88,170 | 108,030 | - | 832,753 | 1,028,953 |
| Balance, May 31, 2020 | \$ 3,083,721 | \$ 3,340,969 | \$ 200,660 | \$ 30,540,627 | \$ 37,165,977 |

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

7. Exploration and Evaluation Assets (continued)

| | 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 |
| Salaries | - | 50,779 | - | 416,099 | 466,878 |
| Foreign exchange difference | 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 |

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 28, 2021 and May 31, 2019.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

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

8. Amounts Payable and Accrued Liabilities

| | As at May 31, 2020 | As at February 29, 2020 |
|---------------------|--------------------------|-------------------------------|
| Trade payables | \$ 1,119,668 | \$ 1,279,107 |
| Accrued liabilities | 358,799 | 1,109,880 |
| | \$ 1,478,467 | \$ 2,388,987 |

9. Asset retirement obligation

| | |
|------------------------------|---------------------|
| Balance, February 29, 2020 | \$ 1,189,124 |
| Foreign exchange adjustment | 44,131 |
| Balance, May 31, 2020 | \$ 1,233,255 |
| Balance, February 28, 2019 | \$ 1,203,465 |
| Foreign exchange adjustment | (17,982) |
| Present value adjustment | 3,641 |
| Balance, February 29, 2020 | \$ 1,189,124 |

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 (\$1,255,110). 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%.

In 2019, the Company increased its obligation by EURO210,000 (\$314,790). The current amount of the obligation remains unchanged for 2020.

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 5 for assets pledged and restricted for the purposes of settling future site restoration obligations.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

10. 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.

In August and September 2019, the Company issued 8,667,643 common shares, converting a principle of \$7,367,500 into common shares to certain holders of the debentures and interest was paid up to the date of conversion.

| | |
|--|--------------|
| Balance, February 29, 2020 and May 31, 2020 | \$ - |
| Balance - February 28, 2019 | \$ 7,253,233 |
| Add: accretion for the period | 342,967 |
| Balance - May 31, 2019 | \$ 7,596,200 |

11. 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, 2020, the issued share capital amounted to \$80,328,629. There were the following changes in issued share capital for the three months ended May 31, 2020 and May 31, 2019:

| | Number of Common Shares | Amount |
|--|------------------------------------|----------------------|
| Balance, February 29, 2020 and May 31, 2020 | 155,470,761 | \$ 80,328,629 |
| Balance, May 31, 2020 | 155,470,761 | \$ 80,328,629 |
| Balance, February 28, 2019 and May 31, 2019 | 122,728,573 | \$ 54,216,150 |

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 10 years and vesting periods are determined by the Board of Directors.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements
Three Months Ended May 31, 2020
(Expressed in Canadian Dollars)
(Unaudited)

11. Share Capital and Reserves (continued)

Stock Options (continued)

The following table reflects the continuity of stock options for the three months ended May 31, 2020 and May 31, 2019:

| | Number of Stock Options | Weighted Average Exercise Price (\$) |
|--|----------------------------|---|
| Balance, February 29, 2020 and May 31, 2020 | 10,460,000 | 0.78 |
| Balance, February 28, 2019 and May 31, 2019 | 8,135,000 | 0.74 |

For the three months ended May 31, 2020, the impact on share-based compensation was \$418,400 (three months ended May 31, 2019 - \$481,191).

The following table reflects the actual stock options issued and outstanding as of May 31, 2020:

| 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 | 0.81 | 1,890,000 | 1,890,000 | - |
| June 10, 2021 | 0.56 | 1.03 | 525,000 | 525,000 | - |
| November 9, 2021 | 0.76 | 1.44 | 775,000 | 775,000 | - |
| April 22, 2022 | 1.01 | 1.88 | 2,170,000 | 2,170,000 | - |
| July 31, 2023 | 1.00 | 3.17 | 2,625,000 | 1,312,500 | 1,312,500 |
| August 21, 2024 | 0.87 | 4.23 | 2,475,000 | - | 2,475,000 |
| | 0.78 | 2.49 | 10,460,000 | 6,672,500 | 3,787,500 |

Warrants

The following table reflects the continuity of warrants for the three months ended May 31, 2020 and May 31, 2019:

| | Number of Warrants | Weighted Average Exercise Price (\$) |
|--|-----------------------|---|
| Balance, February 28, 2019 and May 31, 2020 | 11,543,704 | 1.00 |
| Balance, February 28, 2019 and May 31, 2020 | - | 0.00 |

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

11. Share Capital and Reserves (continued)

Warrants (continued)

The following table reflects the actual warrants issued and outstanding as of May 31, 2020:

| Expiry Date | Exercise Price (\$) | Remaining Contractual Life (years) | Number of Warrants Outstanding |
|----------------------------------|---------------------|------------------------------------|--------------------------------|
| February 11, 2023 ⁽¹⁾ | 1.00 | 2.70 | 11,543,704 |

(1) The warrants provide that after February 11, 2022, if the price of the Common Shares on the TSX Venture Exchange exceeds \$1.25 per Common Share for at least 20 consecutive trading days, Rupert shall have the right to accelerate, by notice to Agnico, the expiry date of the warrants to 30 calendar days after the date of such notice (such that Agnico may either exercise all or a portion of the warrants in such 30 day period, or failing such exercise, any unexercised warrants would expire).

12. General and Administrative Expenses

| | Three Months Ended | |
|---|--------------------|-------------------|
| | May 31, 2020 | May 31, 2019 |
| Consulting | \$ 3,450 | \$ - |
| Office and sundry | 168,839 | 158,463 |
| Professional fees | 116,134 | 69,969 |
| Investigation of prospective property interests | 493 | 95 |
| Regulatory fees | 375 | 75 |
| Salaries and benefits (note 14) | 223,629 | 193,911 |
| Shareholder communications | 42,091 | - |
| Transfer agent | 15,429 | 11,939 |
| Travel | 71,470 | 54,659 |
| | \$ 641,910 | \$ 489,111 |

13. Net Loss Per Common Share

The calculation of basic and diluted loss per share for the three months ended May 31, 2020 was based on the loss attributable to common shareholders of \$1,059,544 (three months ended May 31, 2019 - \$1,306,280) and the weighted average number of basic common shares outstanding of 132,270,587 for the three months ended May 31, 2020 (three months ended May 31, 2019 - 122,728,573). Diluted loss per share did not include the effect of 22,003,704 stock options and warrants (three months ended May 31, 2019 - 8,135,000 stock options) as they are anti-dilutive.

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements Three Months Ended May 31, 2020 (Expressed in Canadian Dollars) (Unaudited)

14. 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, | |
|---|-------------------------------|----------|
| | 2020 | 2019 |
| Remuneration paid to Non-Executive Chairman ⁽¹⁾⁽²⁾ | \$ 9,000 | \$ 9,000 |
| Remuneration paid to CEO ⁽³⁾ | 84,040 | 80,518 |
| Remuneration paid to CFO ⁽⁴⁾ | 42,825 | 23,073 |
| Share-based payments - Black-Scholes value | 206,036 | 284,678 |
| Marrelli Support Services Inc. ⁽⁵⁾ | 9,655 | 7,887 |

⁽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, 2020, \$9,000 (three months ended May 31, 2019 - \$9,000) 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, 2020, \$84,040 (three months ended May 31, 2019 - \$80,518) was expensed as salaries.

⁽⁴⁾ The Company entered into an agreement with the Chief Financial Officer of the company to pay him a monthly base salary GBP5,833, increased to GBP 6,667 from April 1, 2020. During the three months ended May 31, 2020, \$42,825 (three months ended May 31, 2019 - \$23,073) was expensed as salaries.

⁽⁵⁾ The Company has entered into an accounting support services agreement with MSSI where under MSSI provided, certain accounting support services. A former director of the Company, Mr. Robert D. B. Suttie is President of MSSI. During the three months ended May 31, 2020, \$9,655 (three months ended May 31, 2019 - \$7,887) was expensed with respect to the services provided. As at May 31, 2020, MSSI was owed \$13,173 (February 29, 2020 - \$4,239). These amounts are included in amounts payable and accrued liabilities.

⁽⁶⁾ On May 31, 2020, the amount of \$nil (February 29, 2020 - \$140,800) was included in accounts payable and accrued liabilities as bonus due to the Chief Executive Officer and Chief Financial Officer of the Company.

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.

15. Segment Information

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

Rupert Resources Ltd.

Notes to Condensed Consolidated Interim Financial Statements

Three Months Ended May 31, 2020

(Expressed in Canadian Dollars)

(Unaudited)

16. 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 (note 9).

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

17. Subsequent Event

On July 12, 2020, the Company announced its intention to complete equity financing's totaling \$22,300,000 by way of a short form prospectus offering (the "Public Offering") and a concurrent non-brokered private placement (the "Private Placement") (together: the "July 2020 Financings"). The July 2020 Financings contained over-allotment provisions that allowed for an increase of 15% in the overall number of shares to be issued (the "Over-Allotment").

On July 23, 2020, the Company announced that it had closed the July 2020 Financings, raising in total \$25,600,000 million before expenses. The July 2020 Financings comprised an issuance pursuant to the Public Offering of 5,295,999 common shares in the capital of the Company (the "Common Shares") at a price of \$3.20 per Common Share (the "Offering Price") for gross proceeds of approximately C\$16,947,197, which included the exercise, in full, of the underwriter's Over-Allotment option of an additional 690,782 Common Shares. The company also issued 2,704,001 Common Shares at the Offering Price in a concurrent Private Placement on substantially the same terms as the Public Offering (for gross proceeds of \$8,652,803), which included 352,697 Common Shares pursuant to the Over-Allotment option granted to the participants in Private Placement.