RUBICON MINERALS CORPORATION

Consolidated Financial Statements

(Stated in thousands of Canadian Dollars, except for share data)

For the Years Ended December 31, 2018 and 2017

121 King Street West, Suite 830, Toronto, Ontario M5H 3T9
Tel: 416-766-2804 Fax: 416-792-4601 E-mail: ir@rubiconminerals.com
www.rubiconminerals.com

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Rubicon Minerals Corporation (the "Company" or "Rubicon") and other information contained in the management's discussion and analysis are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as outlined in Part 1 of the Handbook of the Chartered Professional Accountants of Canada, and include some amounts that are based on management's estimates and judgement.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is comprised solely of independent directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends its approval to the Board of Directors. The Company's auditors have full access to the Audit Committee, with and without management being present. These consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants.

"George Ogilvie"	"Nicholas J. Nikolakakis "
George Ogilvie	Nicholas J. Nikolakakis
President and Chief Executive Officer	Chief Financial Officer

March 22, 2019

Independent auditor's report

To the Shareholders of Rubicon Minerals Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Rubicon Minerals Corporation and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 22, 2019

RUBICON MINERALS CORPORATION
Consolidated Statements of Financial Position
(in Canadian dollars, in thousands)

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents (note 5)	$ 10,893	$ 4,719
Short-term investments (note 8)	5,051	17,164
Marketable securities (note 9)	83	78
Accounts receivable (note 10)	167	295
Prepaid expenses and supplier advances	282	462
Inventories (note 11)	522	87
	16,998	22,805
Non-current assets		
Restricted cash and deposits (note 12)	27	27
Property, plant and equipment (note 13)	23,891	24,732
	23,918	24,759
	$ 40,916	$ 47,564
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (note 14)	$ 2,886	$ 1,706
Current portion of long-term debt (note 15)	1,075	1,081
Current portion of other liabilities (note 16)	715	-
	4,676	2,787
Non-current liabilities		
Long-term debt (note 15)	12,003	11,791
Other liabilities (note 16)	7,708	7,708
	19,711	19,499
Equity		
Share capital (note 19)	746,300	732,190
Contributed surplus (note 19)	49,782	48,135
Deficit	(779,553)	(755,047)
	16,529	25,278
	$ 40,916	$ 47,564

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

Commitments and Contingencies (note 23)

Approved by the Audit Committee on behalf of the Board of Directors

/s/ Julian Kemp	/s/ Daniel Burns
Julian Kemp	Daniel Burns
Director	Director

RUBICON MINERALS CORPORATION
Consolidated Statements of Comprehensive Income (Loss)
(in Canadian dollars, in thousands)

	December 31, 2018	December 31, 2017
Expenses		
Exploration and evaluation expenditures, net (note 17)	$ 17,050	$ 12,673
General and administrative (note 18)	5,057	4,151
Share based compensation (note 19)	1,849	1,931
Depreciation and amortization (note 13)	1,840	590
Loss before other items	25,796	19,345
Interest and other expense (income)	250	(1,085)
Foreign exchange (gains)/losses	(153)	233
Net gain on sale of assets and investments	(12)	(95)
Loss before income taxes	25,881	18,398
Deferred income tax recovery (note 21)	(1,375)	(1,285)
Loss and comprehensive loss for the year	$ 24,506	$ 17,113
Basic and fully diluted loss per common share	$ 0.38	$ 0.30

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

RUBICON MINERALS CORPORATION
Consolidated Statements of Changes in Equity
(in Canadian dollars, in thousands)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total Equity
January 1, 2017	53,890,033	$ 722,784	$ 46,513	$ -	$ (737,917)	$ 31,380
Share-based payments	107,100	312	1,775	-	-	2,087
Flow-through share offering	3,895,000	8,725	-	-	-	8,725
Flow-through share offering – issuance costs	-	(696)	-	-	-	(696)
Unrealized loss on available for-sale investments	-	-	-	(17)	-	(17)
Shares issued to settle obligation	155,360	300	(153)	-	-	147
Shares issued to purchase land claims	550,000	765	-	-	-	765
Net loss for the period	-	-	-	-	(17,113)	(17,113)
December 31, 2017	58,597,493	$ 732,190	$ 48,135	$ (17)	$ (755,030)	$ 25,278

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total Equity
January 1, 2018	58,597,493	$ 732,190	$ 48,135	$ (17)	$ (755,030)	$ 25,278
Impact of adopting IFRS 9 on January, 1 2018	-	-	-	17	(17)	-
Share-based payments	297,366	486	1,647	-	-	2,133
Flow-through share offering	11,378,270	14,552	-	-	-	14,552
Flow-through share offering – issuance costs	-	(928)	-	-	-	(928)
Net loss for the period	-	-	-	-	(24,506)	(24,506)
December 31, 2018	70,273,129	$ 746,300	$ 49,782	$ -	$ (779,553)	$ 16,529

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

RUBICON MINERALS CORPORATION
Consolidated Statements of Cash Flows
(in Canadian dollars, in thousands)

For the years ended	**December 31, 2018**	**December 31, 2017**
Operating activities		
Net income (loss) for the year	$ (24,506)	$ (17,113)
Items not involving cash:		
Depreciation and amortization	1,840	590
Interest on long term debt	1,361	1,235
Shares issued to fulfill obligation	284	146
Shares issued for mineral property	-	765
Net loss on sale of assets and investments	(12)	(95)
Share based payments received for property	(44)	-
Share-based compensation	1,849	1,931
Interest and other expense	(297)	(333)
Deferred income tax	(1,375)	(1,285)
Unrealized foreign exchange loss (gain)	(155)	233
Changes in non-cash working capital:		
Accounts receivable and other current assets	(127)	473
Accounts payable and accrued liabilities	1,180	507
Interest paid	(111)	(145)
Interest received	297	333
Net cash from (used in) operating activities	(19,816)	(12,758)
Investing activities		
Expenditures on property, plant and equipment	(1,035)	(718)
Decrease (increase) in short-term investments	12,113	(17,164)
Net proceeds from purchase and sale of marketable securities	69	-
Restricted cash	-	3,060
Net cash from (used in) investing activities	11,147	(14,822)
Financing activities		
Issuance of common shares, net of issue costs	15,716	9,314
Options exercised	-	158
Repayment of finance lease obligation	(1,028)	(1,033)
Net cash from financing activities	14,688	8,439
Effect of exchange rate changes on cash	155	(231)
Increase (decrease) in cash and cash equivalents	6,174	(19,372)
Cash and cash equivalents, beginning of the year	4,719	24,091
Cash and cash equivalents, end of the year	$ 10,893	$ 4,719

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

1. NATURE OF OPERATIONS

Rubicon is an exploration company that owns the Phoenix Gold Project, located in the Red Lake gold district in northwestern Ontario, Canada. The Company is incorporated in British Columbia, Canada. The address of its registered office is Suite 2200, HSBC Building 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8. The Company maintains its head office at 121 King Street West, Suite 830, Toronto, Ontario M5H 3T9.

The ability of the Company to recover the costs it has incurred to date on its properties, including the Phoenix Gold Project, is dependent upon profitable extraction of gold or other minerals from its properties, the ability of the Company to resolve any environmental, regulatory, or other constraints which may hinder the successful operation and expansion of its properties, obtaining financing to complete exploration and development, and upon future profitable production or proceeds from disposition of mineral properties. Although the Company is unaware of any defects in its title to its mineral properties, no guarantee can be made that none exist.

2. BASIS OF PRESENTATION

a) Statement of compliance

These consolidated financial statements of the Company as at and for the year ended December 31, 2018 with comparative information as at and for the year ended December 31, 2017, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value as determined at each reporting date.

These consolidated financial statements were authorized for issuance on March 22, 2018 by the Board of Directors.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving judgment or complexity, or areas where assumptions and estimates are significant and could affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year, are discussed in note 2 (d).

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation, and increases the understanding of the Company's operations and results in classifications that are more comparable to its peers.

b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. The principal subsidiaries of the Company and their place of operations at December 31, 2018 were as follows:

(in Canadian Dollars, in thousands except for share data)

2. BASIS OF PRESENTATION *(continued)*

b) Basis of consolidation *(continued)*

Name of Subsidiary	Place of Operation	Ownership Interest	Principal Activity
0691403 B.C. Ltd.	British Columbia, Canada	100%	Holding company
1304850 Ontario Inc.	Ontario, Canada	100%	Holding company
Rubicon Minerals Nevada Inc.	British Columbia, Canada	100%	Holding company
Rubicon Nevada Corp.	Nevada, United States	100%	Mineral exploration
Rubicon Alaska Holdings Inc.	Alaska, United States	100%	Inactive
Rubicon Alaska Corp.	Alaska, United States	100%	Inactive

All intercompany transactions and balances are eliminated on consolidation.

c) Foreign currency translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated. Foreign currency translation differences are recognized in profit or loss.

d) Significant accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. While actual results could differ materially from these estimates, and other than as described below in impairment of non-current non-financial assets, no specific sources of estimation uncertainty have been identified by management that are believed to have a significant risk of resulting in a material adjustment within the next financial year to the carrying amount of the Company's assets and liabilities as recorded at December 31, 2018.

The most significant judgments and estimates made by management in preparing the Company's consolidated financial statements are described as follows:

Impairment of non-current non-financial assets

The Company reviews and evaluates the carrying value of each of its non-current non-financial assets for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. The identification of such events or changes and the performance of the assessment requires significant judgment. Furthermore, management's estimates of many of the factors relevant to completing this assessment, including commodity prices, mineral resources, and operating, capital and reclamation costs, are subject to risks and uncertainties that may further affect the determination of the recoverability of the carrying amounts of its non-current non-financial assets.

At each reporting period, management reviews property plant and equipment for indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if

2. BASIS OF PRESENTATION *(continued)*

d) Significant accounting judgments and sources of estimation uncertainty *(continued)*

Impairment of non-current non-financial assets *(continued)*

any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, using a post-tax discount rate. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal, using a pre-tax discount rate.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. Impairment is normally assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets other than goodwill that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, gold prices, mine plan estimates, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of income.

As at December 31, 2018, management's impairment assessment did not result in the identification of any impairment indicators or identification of impairment reversals.

Flow-through Shares

Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through common shares whereby the tax benefits of the eligible resource expenditures incurred are renounced to investors in accordance with tax legislation. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the fair value of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium and is reversed and recognized as an income tax recovery as the related resource expenditures are incurred and the tax effect of the temporary differences is recorded. The net difference between the liability and the value of the tax assets renounced is reported as deferred tax recovery.

Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation, including the judgments around the use of flow-through share financing. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having terms to maturity of 90 days or less when acquired.

b) Short-term investments

Short-term investments consist of short-term money market instruments that have original maturities of greater than 90 days and up to one year.

c) Inventories

Inventories may include materials and supplies, mineralized material in stockpile, in-circuit, and finished metal. Inventories are valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis and includes all costs incurred, based on a normal production capacity, in bringing in each product to its present location and condition.

Net realizable value is determined with reference to relevant market prices, less estimated applicable costs of completion.

d) Property plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation and net accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Assets under construction are depreciated over their estimated useful lives once they are substantially complete and available for their intended use.

Plant and equipment associated with mining operations are depreciated over the estimated useful lives of the assets on a declining-balance basis at the following rates:

Underground operating equipment	20%
Trucks	30%
Buildings/Hoist/Powerlines	5%

All other equipment and assets are depreciated over the estimated useful life of the assets using the declining-balance method at the following rates:

Furniture, fixtures and office equipment	20%
Computers	30%
Software	50%

Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

d) Property plant and equipment *(continued)*

Impairment losses and gains and losses on disposals of property, plant and equipment are included in results from operations.

e) Exploration and Evaluation

Exploration and evaluation expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Expenditures on mineral exploration or evaluation incurred in respect of a property before the acquisition of a mineral interest are expensed, as incurred, to general mineral exploration. Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are expensed in the period incurred.

Mineral property acquisition costs are included in exploration and evaluation expenditures and include any cash consideration and advance royalties paid, and the fair market value of shares issued, if any, on the acquisition of the mineral property interest. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made.

f) Reclamation deposits

The Company maintains cash deposits, or cash deposits secured by surety bonds, as required by regulatory bodies as assurance for the funding of reclamation costs. These funds are restricted to that purpose and are not available to the Company until the reclamation obligations have been fulfilled or the related property is sold and the obligation is assumed by the buyer.

Reclamation deposits are classified as investments, and are recorded at amortized cost and are classified as non-current assets.

g) Provision for closure and reclamation

The Company recognizes a closure and reclamation provision for statutory, contractual, constructive or legal obligations to undertake reclamation and closure activities associated with property, plant, equipment and exploration and evaluation assets, generally at the time that an environmental or other site disturbance occurs or a constructive obligation for reclamation and closure activities is determined. When the extent of disturbance increases over the life of an operation, the provision is increased accordingly. Provisions are measured at the present value of the expected future expenditures required to settle the obligation, using a risk-free pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for the passage of time, and adjusted for changes to the current market-based risk-free discount rate as well as changes in the estimated amount or timing of the expected future expenditures. The associated restoration costs are capitalized as part of the carrying amount of the related asset and then depreciated accordingly.

h) Debt

Debt is initially recorded at fair value, net of financing costs incurred. Debt is subsequently measured at amortized cost. Any difference between amounts received and the redemption value of the debt is recognized in the consolidated statement of income (loss) over the period maturity using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

i) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. A qualifying asset is one that takes a substantial period of time to get ready for its intended use. Capitalization of borrowing costs ceases when the asset is completed and ready for productive use. All other borrowing costs are recognized as finance costs in the period in which they are incurred.

j) Income taxes

Deferred tax is recognized, using the liability method, on temporary differences between the carrying value of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax is determined using tax rates and tax laws that are enacted or substantively enacted at the date of the consolidated statement of financial position and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are not recognized if the temporary difference arises on the initial recognition of assets and liabilities in a transaction other than a business combination, that at the time of the transaction, affects neither the taxable nor the accounting profit or loss.

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available to be utilized against those deductible temporary differences. Deferred tax assets are reviewed at each reporting date and amended to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the current tax assets against the current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Share capital

The Company records proceeds from share issuances net of issue costs. Common shares issued for consideration other than cash are valued based on their market value at the date the shares are issued.

l) Financial instruments

Accounting policy under IFRS 9 applicable from January 1, 2018

Financial assets

The Company recognizes a financial asset when the Company become a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value and subsequently re-measured either at (i) amortized cost or (ii) fair value either through profit or loss ("FVTPL") based on the classification of the financial asset. The classification of the financial assets within each measurement category is based on the business model and cash flow characteristics of the instrument.

Financial liabilities

The Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

l) Financial instruments *(continued)*

Financial liabilities *(continued)*

of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, and finance lease obligations.

Derecognition of financial liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

The Company classifies its financial instruments in the following categories:

	Under IFRS 9
Cash	FVTPL
Short-term investments	Amortized cost
Accounts receivable	Amortized cost
Restricted cash	FVTPL
Marketable securities	FVTPL
Debt	Amortized cost

The accounting policy under IAS 39 for the comparative information presented in respect of financial assets and liabilities was similar to the accounting policies adopted under IFRS 9 in 2018, with the following exceptions as it relates to the classification of financial assets and financial liabilities, as well as the impairment model, as described in Note 4.

m) Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Where the effects of including all outstanding options and warrants would be anti-dilutive, no dilution is calculated and the diluted loss per share is presented as the same as basic loss per share.

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted the following accounting standards and amendments effective January 1, 2018:

- IFRS 9, “Financial Instruments”

The IASB issued its completed version of IFRS 9, Financial Instruments (“IFRS 9”) in July 2014. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new

(in Canadian Dollars, in thousands except for share data)

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

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

expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard.

The final version of IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model has not had a significant impact on the Company's financial statements.

On transition, the Company's investments previously classified as available-for-sale, have been re-designated fair-value through profit and loss financial instruments. Associated revaluation adjustments will be recorded through the statement of loss instead of through other comprehensive income. The Company has recorded an adjustment to opening deficit and accumulated other comprehensive loss on transition for cumulative gains/losses on these instruments of $17.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

	Under IAS 39	Under IFRS 9
Cash	Held to maturity	FVTPL
Short-term investments	Held to maturity	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Restricted cash	Held to maturity	FVTPL
Marketable securities	Available for sale	FVTPL
Debt	Amortized cost	Amortized cost

- IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles ("US GAAP"). As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company assessed that there is no material impact of the adoption of this standard.

The following are accounting standards not yet adopted for annual periods as noted below:

- IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company plans to adopt the new standard beginning January 1, 2019 on a modified retrospective basis. The Company expects that the new standard will result in an increase in assets and liabilities, as well as a corresponding increase in amortization and finance expense. The Company also expects that cash flow from operating activities will increase under the new standard because lease payments for most leases will be recorded as cash

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

- IFRS 16, "Leases" (continued)

outflows from financing activities in the statements of cash flows. The magnitude of these impacts of adopting the new standard have not yet been determined. The Company is currently conducting a review of its contracts with suppliers to collect data necessary for adoption of the new standard, and expects to recognize right of use assets at transition in addition to its finance lease obligations.

- IFRIC 23, "Uncertainty over Income Tax Treatments"

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and is to be applied to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. This interpretation becomes effective for annual periods beginning on or after January 1, 2019 and management has not early adopted the interpretation standard.

5. CAPITAL MANAGEMENT

The Company's objectives for the management of capital are to safeguard the Company's ability to continue as a going concern including the preservation of capital and to achieve reasonable returns on invested cash after satisfying the objective of preserving capital.

The Company considers its cash, cash equivalents, and short-term investments to be its manageable capital. The Company's policy is to raise sufficient cash, as needs arise, to cover operating, exploration and development costs over a reasonable future period. The Company may also acquire additional funds where advantageous circumstances arise.

Excess cash is invested in securities issued or guaranteed by major Canadian banks or the federal or provincial governments of Canada. The Company is required to maintain a minimum cash position of $1,000 as per the terms of its Loan Facility. See note 15 for details.

6. FINANCIAL INSTRUMENTS

Financial instrument risks

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of non-payment of cash and cash equivalents and short-term investments at December 31, 2018 amounted to $15,944 (December 31, 2017 - $21,883). These cash and cash equivalents and short-term investments are held on deposit with major Canadian banks or in bank guaranteed investment certificates which are guaranteed by a major Canadian bank or by a provincial government.

As the Company's policy is to limit excess cash investments to deposits or investments with or guaranteed by major Canadian banks or the federal or a provincial government, the credit risk is considered by management to be negligible.

The Company's credit risk exposure from accounts receivable, excluding HST refunds, at December 31, 2018 is considered immaterial (December 31, 2017 - immaterial).

(in Canadian Dollars, in thousands except for share data)

6. FINANCIAL INSTRUMENTS *(continued)*

Liquidity Risk

The Company's liquidity risk from financial instruments is its need to meet operating accounts payable requirements, commitments, finance lease obligations, and debt service payments. The Company has no significant sources of revenue, has a historic deficit of $779,553, and is dependent on financing to fund its operations. In addition, as the Company is in the advanced exploration stage, it is subject to the risks, uncertainties and challenges similar to other companies in a comparable stage of exploration. These include, but are not limited to, the continuation of losses in future periods; the ability to raise sufficient funds to continue its exploration programs, and on acceptable commercial terms; the ability to establish the economic viability of mineral deposits on any of its mining properties; the acquisition of required permits to mine; and the attainment of profitable operations.

Foreign Exchange Risk

Foreign exchange risk is the risk that fluctuations in foreign exchange rates may have an effect on future cash flows associated with the Company's US dollar denominated cash balances. Fluctuations in the CAD/USD exchange rate may result in a decrease or increase in foreign exchange income or expense.

A change in the CAD/USD exchange rate of 1.0% on the December 31, 2018 US dollar denominated balances related to the cash balances would result in a change to net loss of approximately $9.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these investments are in high interest savings accounts and guaranteed investment certificates with pre-determined fixed yields.

A difference in interest rates of 1.0%, on the December 31, 2018 average balance of cash and cash equivalents and short-term investments, over the year, would result in a change to net loss of approximately $159.

7. SUPPLEMENTAL CASH FLOW

Cash and cash equivalents are comprised of the following:

	December 31, 2018	December 31, 2017
Cash	$ 1,062	$ 858
Government of Canada treasury bills, provincial government promissory notes, and bank guaranteed investment certificates or high interest savings accounts.	9,831	3,861
Cash and cash equivalents	$ 10,893	$ 4,719

8. SHORT-TERM INVESTMENTS

Short-term investments had an aggregate carrying value and market value of $5,051 at December 31, 2018 (December 31, 2017 - $17,164). Short-term investments are carried at amortized cost which approximates fair value due to the short-term nature of these instruments and includes accrued interest.

(in Canadian Dollars, in thousands except for share data)

9. MARKETABLE SECURITIES

Marketable securities consist of investments in public company shares and have an aggregate carrying value and fair value of $83 at December 31, 2018 (December 31, 2017 - $78). Market values were based on quoted prices in an active market.

10. ACCOUNTS RECEIVABLE

Accounts receivable consists of HST refunds at December 31, 2018 of $167 (December 31, 2017 - $295).

11. INVENTORIES

Inventories are comprised of the following:

	December 31, 2018	December 31, 2017
In-circuit	$ 132	$ -
Finished goods	200	-
Materials and supplies	190	87
Inventories	$ 522	$ 87

12. RESTRICTED CASH AND DEPOSITS

Restricted cash of $27 at December 31, 2018 (December 31, 2017 - $27) relates to GICs deposited as security for a letter of credit relating to other credit facilities.

13. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the changes in property, plant and equipment during the year:

	Assets under Construction	Office Equipment	Mine-site Equipment	Leased Equipment	Mine-site Buildings	Total
Cost						
Balance, January 1, 2017	$ 19,205	$ 201	$ 410	$ 5,767	$ -	$ 25,583
Additions	589	20	111	-	-	720
Transfers	(9,892)	-	985	-	8,907	-
Balance, December 31, 2017	9,902	221	1,506	5,767	8,907	26,303
Additions	993	-	24	18	-	1,035
Transfers	(10,836)	5	336	-	10,495	-
Balance, December 31, 2018	$ 59	$ 226	$ 1,866	$ 5,785	$ 19,402	$ 27,338
Accumulated depreciation						
Balance, January 1, 2017	-	66	366	549	-	981
Depreciation for the period	-	43	204	72	271	590
Balance, December 31, 2017	-	109	570	621	271	1,571
Depreciation for the period	-	34	214	1,031	597	1,876
Balance, December 31, 2018	-	143	784	1,652	868	3,447
Net book value December 31, 2017	9,902	112	936	5,146	8,636	24,732
Net book value December 31, 2018	59	83	1,082	4,133	18,534	23,891

(in Canadian Dollars, in thousands except for share data)

14. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017
Trade payables	$ 834	$ 771
Compensation payables	863	20
Accrued liabilities	1,189	915
Accounts payable and accrued liabilities	$ 2,886	$ 1,706

15. LONG-TERM DEBT

	December 31, 2018	December 31, 2017
Loan facility (a)	$ 11,348	$ 10,382
Warrant liability (a)	274	-
Finance lease obligations (b)	1,456	2,490
	13,078	12,872
Less: current portion of finance lease obligation	(1,075)	(1,081)
Long-term debt	$ 12,003	$ 11,791

Loan Facility	Total
Balance, as at January 1, 2018	$ 10,382
Transaction Costs	(283)
Amortization of discount	1,249
Balance, as at December 31, 2018	$ 11,348

(a) Loan Facility

On December 20, 2016 the Company entered into a secured loan facility ("Loan Facility") with CPPIB Credit Investments Inc. ("CPPIB"). The terms of the Loan Facility included a principal amount outstanding of $12,000 due and payable on the maturity date, December 31, 2020, and annual effective interest payments of 5.0% paid-in-kind on maturity.

On December 20, 2018, CPPIB agreed to transfer the Loan Facility to Sprott Private Resource Lending (Collector), L.P. ("Sprott"). Sprott revised the Loan Facility such that the minimum cash requirement covenant under CPPIB was reduced from $5,000 to $1,000. In exchange for the amendment to the minimum cash requirement, the Company issued 800,000 warrants to Sprott. The warrants have the following features at issuance: expiry of December 31, 2020, exercise price of C$1.35/share and a Black-Scholes value of $274 based on a two-year estimated life, 47.42% volatility and a risk-free rate of 1.91%.

The Loan Facility continues to be a senior and secured by a pledge of substantially all of the assets of the Company and its subsidiaries and carry other standard covenants.

(b) Finance Lease Obligations

The Company has existing finance lease obligations in respect of equipment at the Phoenix Gold Project. The lease agreements had a sixty-month term at initiation, carry an incremental borrowing rate of 4.5% per annum, and allow the Company to purchase the assets at the end of the term for a nominal amount.

(in Canadian Dollars, in thousands except for share data)

15. LONG-TERM DEBT *(continued)*

(b) Finance Lease Obligations *(continued)*

	< 1 Year	> 1 Year	Total
Total future minimum lease payments	$ 1,121	$ 386	$ 1,507
Less amount representing interest	(46)	(5)	(51)
Finance lease obligation	$ 1,075	$ 381	$ 1,456

16. OTHER LIABILITIES

	December 31, 2018	December 31, 2017
Provision for closure and reclamation (a)	$ 7,708	$ 7,708
Flow-through share premium liability (b)	715	-
	8,423	7,708
Less: Current portion of flow-through share premium liability (b)	(715)	-
Other liabilities	$ 7,708	$ 7,708

(a) Provision for Closure and Reclamation

The Company's provision for closure and reclamation is for its Phoenix Gold Project. Closure and reclamation activities related to this project will include land rehabilitation, demolition of buildings and processing facilities, ongoing care and maintenance and other costs.

The current estimated value of the future provision as of December 31, 2018 is $7,708 (December 31, 2017 - $7,708).

(b) Flow-Through Share Premium Liability

Flow-through share liability consists of the remaining liability (premium) of the flow-through shares issued on December 21, 2018 (See Note 19 – Share Capital, below). Flow-through share premium liability is recognized in deferred tax recoveries when the related qualifying resource expenditures are incurred. The Company recognized $1,375 of deferred tax recoveries in the statement of comprehensive loss related to the flow-through share premium liability during the year ended December 31, 2018.

17. EXPLORATION AND EVALUATION EXPENDITURES, NET

	December 31, 2018	December 31, 2017
Phoenix Gold Project, Red Lake Ontario	$ 16,790	$ 12,700
Other Red Lake Properties, Ontario	260	(27)
	$ 17,050	$ 12,673

For the year ended December 31, 2018, proceeds from precious metal sales from exploration and evaluation activities on the Phoenix Gold Project of $7,406 (2017 - $46) were applied as a reduction of exploration and evaluation expenditures.

(in Canadian Dollars, in thousands except for share data)

17. EXPLORATION AND EVALUATION EXPENDITURES, NET *(continued)*

Red Lake Mining Division, Ontario, Canada

Phoenix Gold Property

The Company holds a 100% interest in the Phoenix Gold Project.

(a) Water Claims Agreement

The Company holds a 100% interest in the "Water Claims" portion of the Phoenix Gold Project. These claims are subject to a net smelter returns royalty of 2%, for which advance royalties of US$50 are due annually (to a maximum of US$1,000 prior to commercial production). As at December 31, 2018 the Company has paid $800 (2017: US$750) with respect to the Water Claims advance royalties. Advance royalties paid to date have been expensed to exploration and evaluation expenditures.

The Company has the option to take back a 0.5% amount of the Net Smelter Royalty ("NSR") royalty for US$675 at any time, however, this option is subject to a right of first refusal, whereby, a third party has the initial right to exercise this option. Upon a positive production decision, the Company would be required to make an additional advance royalty payment of US$675, which would be deductible from commercial production royalties as well as amounts paid pursuant to the maximum US$1,000 in advance royalty payments described above.

(b) Land Claims Agreement

The Company holds a 100% interest in the "Land Claims" portion of the Phoenix Gold Project. In October 2011, the Company acquired the Land Claims royalty for 1,216,071 of its common shares valued at $4,256.

(c) Unpatented Claim

The Company controls a 100% interest in two single cell mining claims.

Other Red Lake Properties

The Company's Other Red Lake Properties as of December 31, 2018 are as follows:

Property	Interest	Location in Ontario
Adams Lake	100%	Balmer and Bateman townships
Advance	100%	Todd township
DMC	100%	Dome, McDonough, Bateman and Fairlie townships
East Bay	100%	Bateman and Black Bear townships
Humlin	100%	Fairlie township
McCuaig	100%	Dome township
Red Lake North	100%	Bateman, Black Bear Lake, McDonough and Coli Lake townships
Schlasinger	100%	Bateman township
Slate Bay	100%	McDonough, Dome and Graves and Fairlie townships
West End	100%	Todd township
Wolf Bay	100%	Todd township

Rubicon Royalty Division ("RRD")

The Company holds ownership or royalty interests in a number of properties designated as the RRD. These properties, included in the RRD, are generally held for the purpose of earning option and possible royalty income.

(in Canadian Dollars, in thousands except for share data)

17. EXPLORATION AND EVALUATION EXPENDITURES, NET *(continued)*

Rubicon Royalty Division ("RRD") *(continued)*

During 2018, the Company recorded cash and share receipts from options of $65 (2017 - $75). RRD properties are carried at $nil.

Nevada-Utah Properties, USA

The Company's properties in the USA as of December 31, 2018 are as follows:

Property	Interest	Location
Nevada – Utah	28%-100%	Elko County, Nevada and Box Elder County, Utah

Royal Gold NSRs

Royal Gold holds the following NSRs and options, with respect to NSRs, on the Company's land holdings:

- 1.0% NSR on all of the Company's land holdings in Ontario, including the Phoenix Gold Project, subject to a maximum 4.0% NSR on any one property;
- 2.5% NSR on the Company's Nevada/Utah properties, subject to a maximum 5.0% NSR on any one property; and
- an assignment of Rubicon's rights to acquire any portion of an existing NSR that is subject to a buyback provision and a right of first refusal in respect of any royalty, stream, participating interest in production or amount of gold or other minerals based on production, that the Company wishes to offer for sale in relation to the Company's current properties.

18. GENERAL AND ADMINISTRATIVE EXPENSES

	December 31, 2018	December 31, 2017
Insurance	$ 780	$ 784
Office and rent	381	269
Transfer agent and regulatory filing fees	164	154
Travel and accommodation	174	193
Consulting and professional fees	434	227
Salaries and benefits	3,124	2,524
	$ 5,057	$ 4,151

(in Canadian Dollars, in thousands except for share data)

19. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY

a) Authorized Share Capital

	Number of Shares		Amount
January 1, 2017	53,890,033	$	722,784
Share-based payments	107,100		312
Flow-through share offering	3,895,000		8,725
Flow-through share offering – issuance costs	-		(696)
Unrealized loss on available for-sale investments	-		-
Shares issued to settle obligation	155,360		300
Shares issued to purchase land claims	550,000		765
Net loss for the period	-		-
December 31, 2017	58,597,493	$	732,190

	Number of Shares		Share Capital
January 1, 2018	58,597,493	$	732,190
Impact of adopting IFRS 9 on January, 1 2018	-		-
Share-based payments	297,366		486
Flow-through share offering	11,378,270		14,552
Flow-through share offering – issuance costs	-		(928)
Net loss for the period	-		-
December 31, 2018	70,273,129	$	746,300

i. 2018 Flow-Through Share Offerings:

On February 26, 2018, the Company closed a public flow-through share offering of 7,122,034 common shares on a "flow-through" basis under the *Income Tax Act* (Canada) at a price of $1.53 per flow-through share for aggregate gross proceeds of $10,897. An amount of $9,615 was recorded in share capital and the remaining $1,282, representing the implied premium, was recorded as flow-through share premium liability. In connection with the offering, the Company incurred share issuance costs of $705 including an underwriter's commission representing 6% of the gross proceeds. As at December 31, 2018, the Company has spent $10,897 on eligible expenditures and renounced the full amount of the offering to investors.

On December 24, 2018, the Company closed a non-brokered public flow-through share offering of 4,256,236 common shares on a "flow-through" basis under the *Income Tax Act* (Canada) at a price of $1.35 per flow-through share for aggregate gross proceeds of $5,746. An amount of $4,937 was recorded in share capital and the remaining $715, representing the implied premium, was recorded as flow-through share premium liability. In connection with the offering, the Company incurred share issuance costs of $222 representing 4% of the gross proceeds. As at December 31, 2018, the Company has spent $664 on eligible expenditures. The Company expects the full amount of the offering will be renounced to investors with an effective renunciation date of December 31, 2019.

ii. 2018 Phantom Performance Share Units

During the year the Company granted 601,229 Phantom Performance Share Units (PPSUs) to certain key personnel including the Company's directors and executive management as part of the Company's Long-Term Incentive Plan (LTIP). The PPSUs vest on the achievement of four performance milestones prior to February 5, 2021 (the "Settlement Date"). The PPSUs are settled in cash at the equivalent of the Company's share price closing on the Settlement Date, multiplied times the quantity of vested PPSUs, conditional on the PPSU holder being employed by the Company, on the

(in Canadian Dollars, in thousands except for share data)

19. SHARE CAPITAL AND OTHER COMPONENTS OF EQUITY *(continued)*

a) Authorized Share Capital *(continued)*

ii. 2018 Phantom Performance Share Units *(continued)*

Settlement Date. The first of the four performance milestones was achieved during Q2'18 representing 25% of the PPSUs and will be paid out on the Settlement Date, assuming all other relevant criteria are met. During the year ended December 31, 2018, the Company recorded share-based payments expenses related to the PPSUs of $41 (December 31, 2017 - $nil).

iii. 2017 Flow-Through Share Offering

On March 3, 2017, the Company closed a public flow-through share offering of 3,895,000 common shares on a "flow-through" basis under the Income Tax Act (Canada) at a price of $2.57 per flow-through share for aggregate gross proceeds of $10,010. $8,725 was recorded in share capital and the remaining $1,285, representing the implied premium, was recorded as flow-through share premium liability. In connection with the offering, the Company incurred share issuance costs of $696 including an underwriter's commission representing 6% of the gross proceeds. As at December 31, 2017, the Company had renounced the full amount of the offering to investors with an effective renunciation date of December 31, 2017.

b) Basic and diluted loss per share

	December 31, 2018	December 31, 2017
Common shares outstanding at beginning of year	58,597,493	53,890,033
Effect of common shares issued on financing and share based payments	6,370,005	3,405,026
Basic weighted average number of Common shares	64,967,498	57,295,059
Loss and comprehensive loss	24,506	17,113
Basic and diluted loss per share	$ 0.38	$ 0.30

The Company incurred net losses for each of the years ended December 31, 2018 and 2017, therefore all outstanding stock options and warrants have been excluded from the calculation of diluted loss per share since the effect would be antidilutive. These options and warrants could potentially dilute basic earnings per share in the future.

c) Stock options

The following is a summary of the changes in the Company's outstanding stock options:

For the years ended	December 31, 2018		December 31, 2017	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Balance at beginning of period	3,030,703	$ 1.49	3,002,803	$ 1.48
Forfeited/expired	-	-	(45,000)	(1.48)
Granted	1,329,000	1.41	180,000	1.60
Exercised	-	-	(107,100)	1.48
Outstanding at end of period	4,359,703	1.46	3,030,703	1.49
Exercisable at end of period	2,486,002	$ 1.48	1,379,302	$ 1.48

(in Canadian Dollars, in thousands except for share data)

19. SHARE CAPITAL *(continued)*

c) Stock options *(continued)*

The following is a summary of outstanding stock options:

As at	December 31, 2018			
Option Price Range	**Number Outstanding**		**Weighted Average Price**	**Weighted Average Life (Years)**
$1.44 - $1.60	4,359,703	$	1.46	3.06
Total Stock Options	4,359,703	$	1.46	3.06

The fair value of stock options granted during the year ended December 31, 2018 has been estimated using the Black-Scholes option pricing model based on the following weighted average assumptions:

For the years ended	**December 31, 2018**	**December 31, 2017**
Weighted average exercise price	$1.17 - $1.18	$1.60
Risk-free interest rate	2.05 - 2.12%	1.77%
Expected life	5.0 Years	5.0 Years
Expected volatility	48.56%	47.36%
Expected dividend yield	Nil	Nil
Fair Value	$0.52 - $0.64	$0.69

d) Warrants

As a result of the Loan Facility as outlined in Note 15, the Company now has the following warrants outstanding. Each Warrant is exercisable for one common share.

	Number of Warrants		**Weighted Average Exercise Price**
Granted	800,000	$	1.35
Outstanding and exercisable, end of the period	800,000	$	1.35

The warrants, when issued, are accounted for at their fair value determined by the Black-Scholes option pricing model based on the following assumptions:

For the year ended	**December 31, 2018**
Weighted average exercise price	$1.35
Risk-free interest rate	1.91%
Expected life	2.0 Years
Expected volatility	47.00%
Expected dividend yield	Nil
Fair Value	$0.35

(in Canadian Dollars, in thousands except for share data)

20. OTHER INCOME

During the year ended December 31, 2018 the Company received $nil (2017 - $1,989) as a result of the settlement of an agreement relating to operations at the Company's Phoenix Gold Project. These settlement funds were recorded as other income.

21. INCOME TAXES

The following is a reconciliation of income taxes at statutory rates:

	December 31, 2018	December 31, 2017
Net loss (income) for the year, before taxes	$ 25,881	$ 18,398
Statutory tax rate	26.5%	26.5%
Tax recovery (expense) at statutory rates	6,858	4,875
Non-deductible amounts	(689)	(654)
Change in unrecognized tax assets	(6,169)	(4,221)
Flow-through share renunciation	1,375	1,285
Income tax recovery	$ 1,375	$ 1,285

The Company has unrecognized tax attributes as follows:

	December 31, 2018	December 31, 2017
Non-capital losses expiring 2028-2038	$ 133,477	$ 21,995
US net operating losses expiring 2027-2035	10,823	10,823
Mineral property expenditures	392,419	386,886
Equipment	104,650	203,720
Lease obligations and asset retirement obligation	9,118	10,198
Financing costs and other	4,691	7,980
Investment tax credits expiring 2029-2035	40,750	40,750
Income tax recovery	$ 695,928	$ 682,352

22. RELATED PARTY TRANSACTIONS

Disclosed below are details of the transactions between the Company and other related parties, including transactions with the Company's officers and directors.

a) Key management personnel compensation

Compensation	December 31, 2018	December 31, 2017
Salaries, directors' fees and benefits	$ 2,722	$ 2,281
Share-based payments	1,513	1,714
Total	$ 4,235	$ 3,995

(in Canadian Dollars, in thousands except for share data)

23. COMMITMENTS AND CONTINGENCIES

(a) The Company has the following operating lease, rental and contractual commitments, made for the Company's office premises, staff accommodations and various contractual obligations made for the acquisition of equipment:

	December 31, 2018	December 31, 2017
Less than 1 year	$ 250	$ 264
Between 1 and 3 years	377	460
After 3 years	202	248
Total	$ 829	$ 972

(b) The Company is required to make certain cash payments, incur exploration costs and pay certain advance royalty amounts to maintain its mineral properties in good standing. These payments and costs are at the Company's discretion and are based upon available financial resources and the exploration merits of the mineral properties which are evaluated on a periodic basis.

24. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment being the mining business in North America. All assets, liabilities and operating activities are based in Canada with the exception of the Company's Nevada based mineral properties, which are immaterial. Investment revenues were earned principally from Canadian sources.

RUBICON MINERALS CORPORATION

Management's Discussion & Analysis

Year Ended December 31, 2018

121 King Street West, Suite 830, Toronto Ontario M5H 3T9
Tel: 416-766-2804 Fax: 416-792-4601 E-mail: ir@rubiconminerals.com
www.rubiconminerals.com

TABLE OF CONTENTS

INTRODUCTION

The following Management's Discussion and Analysis ("**MD&A**") of the financial condition and results of operations of Rubicon Minerals Corporation ("**Rubicon**" or the "**Company**") was prepared to enable the reader to assess material changes in the financial condition and results of operations of Rubicon. This MD&A is prepared as at March 22, 2019 and is intended to supplement and complement the consolidated financial statements of Rubicon for the years ended December 31, 2018 and 2017 (the "**Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

This MD&A should be read in conjunction with the Financial Statements and the Annual Information Form ("**AIF**") in respect of the 2018 fiscal year filed with the Canadian provincial securities regulatory authorities and available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. This MD&A contains certain forward-looking statements based on management's current expectations (please see "Forward Looking Statements"). All references to dollars herein are in Canadian dollars ("$") unless otherwise specified.

The Company is a reporting issuer in all the provinces of Canada. The Company's common shares trade on the Toronto Stock Exchange ("**TSX**") in Canada under the symbol '**RMX**' and on the OTCQX Best Market under the symbol '**RBYCF**'.

DEFINITIONS

The following terms are used in this MD&A:

"F2 Gold Deposit" is a gold mineralized system located at the Phoenix Gold Property composed of high-grade gold mineralization and a lower grade sulphide-rich zone, which currently has a strike length of approximately 1,200 metres ("**m**") and a depth extent of 1,350 m below surface and remains open along strike and at depth. The F2 Gold Deposit is 420 m southeast of the existing shaft and is entirely independent from the previous gold resource of the historic McFinley Gold Deposit.

"*Phoenix Gold Project*" The Phoenix Gold Project (the "**Project**") is the exploration, construction, and development of an underground gold project and mill located on the Phoenix Gold Property, as described in the Phoenix Project Closure Plan that was filed in December 2011 pursuant to the *Mining Act* (Ontario), as amended from time to time.

"Phoenix Gold Property" is the property containing the Phoenix Gold Project located in Bateman Township, Municipality of Red Lake, Ontario, Canada.

"Structural Interpretation" is the updated interpretation of the structural geology of the F2 Gold Deposit at the Phoenix Gold Project, developed by the Company and its consultants and issued on March 12, 2018. The Structural Interpretation utilizes historical information and benefits from the additional data collected in the Company's 2017 Exploration Program. Please refer to the Rubicon news release dated March 12, 2018 and April 30, 2018 for further details.

"Riedel Vein System" is a system of quartz-actinolite veins interpreted as the primary structural control on the gold mineralization within the main host rock ("**HiTi Basalt Units**") at the F2 Gold Deposit, according to the Structural Interpretation. These veins, comprised of R', R, and P veins (each representing a different orientation) host gold mineralization and appear to improve the continuity of gold mineralization within the HiTi Basalt Units.

DEFINITIONS *(continued)*

"2018 Mineral Resource Estimate" means the National Instrument 43-101 technical report titled "*National Instrument 43-101 Technical Report for the Rubicon Phoenix Gold Project"*, prepared by Golder Associates ("**Golder**"), and dated June 13, 2018.

COMPANY 2018 HIGHLIGHTS AND OUTLOOK

Rubicon is an advanced exploration company that owns and is focused on the development of the Phoenix Gold Project located in the Red Lake gold district in northwestern Ontario, Canada. In addition, the Company controls over 285 square kilometers of exploration ground in the Red Lake gold district and more than 900 square kilometers of mineral property interests in the emerging Long Canyon gold district that straddles the Nevada-Utah border in the United States. The Company does not have any assets or mineral properties that are in commercial production or that contain a mineral reserve.

2018 Accomplishments

Rubicon had a successful 2018 campaign, achieving several significant milestones to de-risk the Phoenix Gold Project. Some of the key milestones achieved include:

- Developed a new structural interpretation and geological model of the F2 Gold Deposit, showing more continuity of gold mineralization within the HiTi Basalt Units and potential amenability of bulk mining methods.

- Delivered the new 2018 Mineral Resource Estimate, showing material increases in tonnes, grade, and ounces on all mineral resource categories.

- Completed test trial mining of more than 35,000 tonnes ("**t**") of mineralized material and demonstrated the amenability of the sublevel longhole bulk mining method resulting in $7.4 million in net proceeds realized from the sale of precious metals.

- Successful re-start of the Project mill, achieving peak throughput rates of approximately 1,540 tonnes per day (based on a 22-hour mill availability) and gold recoveries of 95.1%, with 43.2% of gold recovered via gravity circuit, during the bulk sample processing program.

- Positive bulk sample reconciliation results compared to the resource block model estimates of the planned stopes, validating the new geological model and 2018 Mineral Resource Estimate.

- Completed 20,000 m of orientated infill drilling to improve the mineral resource categories of the 2018 Mineral Resource Estimate.

- CPPIB Credit Investments Inc. ("**CPPIB Credit**"), a wholly owned subsidiary of the Canada Pension Plan Investment Board agreed to transfer its C$12.0 million existing secured loan facility with Rubicon ("**Loan Facility**") to Sprott Private Resource Lending (Collector), L.P. ("**Sprott**"). In addition, Sprott has amended the Loan Facility to adjust the minimum cash requirement from C$5.0 million to C$1.0 million in exchange for warrants, improving the Company's financial flexibility.

COMPANY 2018 HIGHLIGHTS AND OUTLOOK *(continued)*

2018 Accomplishments *(continued)*

- During the year ended December 31, 2018 the Company commissioned a metal effluent treatment plant for the purposes of discharging water from the tailings management facility ("**TMF**") and was able to discharge water from the TMF under existing permits as it continued to comply with all environmental discharge requirements.

Financial Highlights from the year ended December 31, 2018

- **Cash position:** As of December 31, 2018, the Company had cash and cash equivalents and short-term investments of approximately $15.4 million.

- **Exploration and evaluation expenditures:** For the year ended December 31, 2018, the Company spent approximately $24.5 million in expenditures related to underground development, drilling, maintenance and technical consulting fees which were offset by $7.4 million in proceeds recognized from the sale of precious metals. Expenditures were up $11.5 million compared to prior year as the Company ramped up spending on the mill facility for the duration of the bulk sample processing program.

- **Raised $16.6 million in financing proceeds:** On February 26, 2018 and December 24, 2018, the Company closed a public flow-through share offering of for aggregate gross proceeds of $10.9 million and $5.7 million respectively to fund ongoing operations.

- **General and administrative expenses (including salaries and benefits, and consulting and professional fees):** The Company spent approximately $5.1 million on expenditures related to general and administrative, salaries and benefits, and consulting and professional fees in 2018. Expenditures were up $0.9 million compared to 2017 primarily related to consulting and professional fees as well as higher overhead and compensation expenses.

Outlook

The Company believes its 2018 achievements have significantly advanced the Project and provides management with a solid foundation to continue advancing the Project towards a potential commercially viable operation. As of March 22, 2019, the Company had cash and cash equivalents and short-term investments of approximately $11.0 million. In management's view, the Company has sufficient financial resources to the Company's 2019 planned activities as follows:

- Produce an updated NI 43-101 Mineral Resource Estimate in the first half of 2019, based on the 20,000 m of orientated diamond drill information from the 2018 Exploration Program;

- Release a Preliminary Economic Assessment ("**PEA**"), at a minimum, for the Phoenix Gold Project in second half of 2019, based on the updated NI 43-101 Mineral Resource Estimate. The PEA will include a preliminary life of mine plan, updated Project economics and a preliminary production profile. The PEA will build upon the results of the 2018 bulk sample program and the Company's mine and mill performance during the test trial mining.

COMPANY 2018 HIGHLIGHTS AND OUTLOOK *(continued)*

Outlook *(continued)*

- Continue exploration throughout 2019 with up to 20,000 m of orientated diamond drilling, predominantly focused on growing mineral resources and advancing the Company's understanding of the high-grade mineralization potential at depth.

- Within the Phoenix Gold Property claim boundary, the Company has identified exploration targets within 2 kilometres ("**km**") from the Phoenix Gold Project shaft and surface infrastructure, which the Company intends to explore in 2019. Rubicon believes these targets have strong mineral potential based on historical mining and exploration.

PHOENIX GOLD PROPERTY

On June 13, 2018, the Company filed the NI 43-101 technical report for the 2018 Mineral Resource Estimate. The 2018 Mineral Resource Estimate was prepared by Golder which is a consulting firm independent of Rubicon. The 2018 Mineral Resource Estimate was filed pursuant to the press release of Rubicon dated April 30, 2018 announcing the results of an updated mineral resource statement for the Phoenix Gold Project. A copy of the 2018 Mineral Resource Estimate can be viewed online under Rubicon's profile at www.sedar.com and on the Company's website at www.rubiconminerals.com.

2018 Highlights

- **Positive Reconciliation Results from its Bulk Sample Program:** Rubicon completed test trial mining activity at the Project in the third quarter of 2018 and processed more than 35,000 tonnes of mineralized bulk sample material through its state-of-the-art mill. In late November 2018, Rubicon reported mill results (before external dilution) of 32,551 t at a grade of 4.93 grams of gold per tonne ("g/t Au") containing 5,165 gold ounces, resulting in a positive reconciliation of +7.2%, +6.1%, and +13.8% compared the 2018 Mineral Resource Block Model tonnes, grade, and ounces, respectively. Please read the Rubicon news release dated November 29, 2018 for more details. The Company believes the results validate the 2018 Mineral Resource Estimate and the program netted $7.4 million in proceeds realized from the sale of precious metals.

- **Completed 20,000 m of Infill Drilling in 2018; An Updated Mineral Resource Estimate scheduled for H1/2019:** In 2018, Rubicon completed approximately 20,000 m of oriented diamond drilling from the 305-, 610- and 685-m levels. The primary purpose of the drilling was to potentially upgrade the Inferred Resources of the 2018 Mineral Resource Estimate of the Project, to the Measured and Indicated categories. Please read the Rubicon news release dated January 16, 2019 for the full results from the infill drilling program. The Company plans to provide an updated Mineral Resource Estimate, inclusive of the data from the 2018 infill drilling, in the first half of 2019.

Exploration within the Phoenix Gold Property

Within the Phoenix Gold Property claim boundary, the Company has identified exploration targets within 2 km from the Phoenix Gold Project shaft and surface infrastructure, which the Company intends to explore in the future. Rubicon believes these targets have strong mineral potential based on historical mining and exploration.

PHOENIX GOLD PROPERTY *(continued)*

Exploration within the Phoenix Gold Property *(continued)*

McFinley

The McFinley target, which includes the historical McFinley Deposit, is located beneath the Phoenix Gold Project surface infrastructure, approximately 400 m northwest of the F2 Gold Deposit. Previous exploration at the historic McFinley Deposit resulted in an undiluted Mineral Resource Estimate (not compiled according to NI 43-101) of 303,006 tonnes at grade of 6.86 g/t Au resulting in 66,801 gold ounces in what was classified as being in the "Inferred" category, to a depth of 122 m below surface. In 2018, the Company drilled 3 exploration holes to test the potential extension of the historic McFinley Deposit at depth and intersected gold-bearing quartz veins and sulphides, similar to the lithological sequence in the historic McFinley Deposit.

Close Proximity Targets

Rubicon has identified targets north of the F2 Gold Deposit where high-grade mineralization was encountered from historical surface drilling. These targets include Peninsula, CARZ and Island Zone. These areas could potentially be drilled and accessed from the current underground workings at the Phoenix Gold Project. Management believes the historical drilling warrants further follow up and exploration.

RED LAKE PROPERTIES

In addition to the Phoenix Gold Property, the Company holds approximately 282-square kilometers of mineral claims in the Red Lake area, making Rubicon the second largest land holder in the prestigious Red Lake Gold camp. These properties were acquired for their high geological potential to host gold mineralization. Based on historical exploration data and their proximity to other gold-bearing claims in the region, the Company believes these properties are strategically located, have a strong potential for mineral discoveries and could be a source of long-term organic growth.

Rubicon is actively evaluating exploration and strategic opportunities to potentially deliver shareholder value from these claims. In 2017, Rubicon completed a thorough evaluation of its Red Lake Properties and determined high-priority targets for future mineral exploration. These targets include (but are not limited to) McCuaig, East Bay, Sidace, and Slate Bay. The Company has outlined initial exploration programs for these targets.

ABORIGINAL CONSULTATIONS

Consultations are ongoing with local First Nation communities and the Company continues to honour any and all exploration agreements with such communities.

UNITED STATES PROPERTIES

Nevada and Utah Properties in the Long Canyon Gold District

Rubicon controls approximately 900-square kilometers of variable fee simple mineral property interests in the emerging Long Canyon gold district that straddles the Nevada-Utah border in the United States. The Company is currently exploring strategic alternatives to best utilize the potential of the additional mineral claims in the Long Canyon gold district.

CORPORATE DEVELOPMENTS

On December 24, 2018, the Company closed a public share offering of 4,256,236 common shares on a "flow-through" basis under the Income Tax Act (Canada) at a price of $1.35 per flow-through share for aggregate gross proceeds of $5.7 million. An amount of $4.9 million was recorded in share capital and the remaining $0.7 million, representing the implied premium, was recorded as flow-through share premium liability. In connection with the offering, the Company incurred share issuance costs of $0.2 million representing 4% of the gross proceeds. As at March 22, 2019, the Company has spent $2.0 million in eligible expenditures. The Company expects the full amount of the offering will be renounced to investors with an effective renunciation date of December 31, 2019.

On November 8, 2018, the Company filed a short form base shelf prospectus with the Securities Commissions in each of the provinces and territories of Canada, except Québec. The base shelf prospectus will allow Rubicon to make offerings of up to $100 million of common shares, debt securities, subscription receipts, warrants and units (all of the foregoing, collectively, the "**Securities**") or any combination thereof during a 25-month period.

On April 3, 2018, Rubicon announced the appointment of Alexandra (Sasha) Bukacheva, CFA, MSc, to the Company's Board of Directors.

On February 26, 2018, the Company closed a public share offering of 7,122,034 common shares on a "flow-through" basis under the Income Tax Act (Canada) at a price of $1.53 per flow-through share for aggregate gross proceeds of $10.9 million. $9.6 million was recorded in share capital and the remaining $1.3 million, representing the implied premium, was recorded as flow-through share premium liability. In connection with the offering, the Company incurred share issuance costs of $0.7 million including an underwriter's commission representing 6% of the gross proceeds. As at December 31, 2018, the Company has spent $10.9 million on eligible expenditures. The Company renounced the full amount of the offering to investors with an effective renunciation date of December 31, 2018.

QUALIFIED PERSONS AND QUALITY ASSURANCE

The content relating to the 2018 Mineral Resource Estimate for the Phoenix Gold Project has been read and approved by Brian Thomas, P.Geo., and Jerry DeWolfe, P.Geo., M.Sc. for Golder Associates Inc., and Tim Maunula, P.Geo. for T. Maunula & Associates Consulting Inc. All three are Qualified Persons as defined by NI 43-101. Mr. Thomas, Mr. DeWolfe, and Mr. Maunula are all independent Qualified Persons as defined by NI 43-101.

Underground drilling was conducted by Boart Longyear Drilling of Haileybury, Ontario and was supervised by the Rubicon exploration team. All assays reported are uncut unless otherwise stated. All samples reported herein were performed by SGS Mineral Services of Red Lake, Ontario. All NQ core assays reported were obtained by fire assay with AA-finish or using gravimetric finish for values over 10.0 g/t Au.

Intercepts cited do not necessarily represent true widths, unless otherwise noted, however drilling is generally intersecting interpreted mineralized zones at angles between -30º and +30º . True width determinations are estimated at 65-80% of the core length intervals for the 305-m level drilling, and estimated at 75-95% of the core length for the 610- and 685-m level drilling. Rubicon's quality control checks include insertion of blanks, standards and duplicates to ensure laboratory accuracy and precision.

RISKS AND UNCERTAINTIES

Like all mineral exploration and development companies, Rubicon also continues to be subject to ongoing risk factors and uncertainties, among others, include: lack of Mineral Reserves at its material Phoenix Gold Property, political risks, title risks, commodity prices, exchange rate risks, permitting risks, operating and environmental hazards encountered in the exploration, development and mining business and changing laws and public policies.

Should the development of the Phoenix Gold Property not be possible or practicable for any reason, the business and financial position of the Company would be materially adversely affected. These risk factors are more fully described in the Company's Annual Information Form ("**AIF**"), dated March 22, 2019, for the year ended December 31, 2018, on file at www.sedar.com.

SELECTED ANNUAL INFORMATION

Information presented below is extracted from the Financial Statements.

For the years ended		December 31, 2018		December 31, 2017		December 31, 2016
Financial results:						
Interest income (expense)	$	(250)	$	1,085	$	(5,765)
Total comprehensive (loss)/income		(24,506)		(17,113)		112,811
Basic loss per share		(0.38)		(0.30)		28.33
Diluted loss per share	$	(0.38)	$	(0.30)	$	27.87

As at		December 31, 2018		December 31, 2017		December 31, 2016
Financial position:						
Working capital	$	12,322	$	20,018	$	23,179
Total assets		40,916		47,564		53,099
Non-current liabilities		19,711		19,499		19,490
Deficit		(779,553)		(755,047)		(737,917)
Dividends	$	-	$	-	$	-
Number of shares issued and outstanding		70,273,129		58,597,493		53,890,033

- The net loss for the year ended December 31, 2018, consisted primarily of expenditures relating to exploration and evaluation costs spent to commission and decommission the mill at the Phoenix Gold Property for the bulk sample program and related underground development and drilling. This was offset by $7.4 million in proceeds recognized from the sale of precious metals.

- The net loss for the year ended December 31, 2017, consisted primarily of exploration and evaluation costs relating to the 2017 exploration drill program and core logging.

- The net income for the year ended December 31, 2016, consisted primarily of gains relating to the restructuring of the Company's financial instruments and foreign exchange gains on said instruments.

OPERATING RESULTS

	Three months ended			Year ended		
	December 31,	December 31,		December 31,	December 31,	
For the quarters and years ended	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Exploration and evaluation expenditures, net	$ 1,480	$ 4,927	$ (3,447)	$ 17,050	$ 12,673	$ 4,377
General and administrative	885	1,560	(675)	5,057	4,151	906
Share based compensation	338	844	(506)	1,849	1,931	(82)
Depreciation	656	152	504	1,840	590	1,250
Loss before other items	3,359	7,483	(4,124)	25,796	19,345	6,451
Interest and other expense (income)	363	364	(1)	250	(1,085)	1,335
Foreign exchange (gains)/losses	7	(6)	13	(153)	233	(386)
Net gain on sale of assets and investments	(31)	(3)	(28)	(12)	(95)	83
Loss before income taxes	3,698	7,838	(4,140)	25,881	18,398	7,483
Deferred income tax recovery	(93)	(262)	169	(1,375)	(1,285)	(90)
Loss and comprehensive loss for the year	$ 3,605	$ 7,576	$ (3,971)	$ 24,506	$ 17,113	$ 7,393
Basic and fully diluted loss per common share	$ 0.05	$ 0.13	$ (0.08)	$ 0.38	$ 0.30	$ 0.08

Year ended December 31, 2018 compared to the year ended December 31, 2017

For the year ended December 31, 2018 the Company had a net loss and comprehensive loss of $24.5 million and a net loss per share of $0.37 compared to net income and comprehensive income of $17.1 million and a net loss per share of $0.30 for the year ended December 31, 2017, a variance of $7.1 million.

Significant factors in changes in line items were as follows:

- Exploration and evaluation expenditures increased on a net basis by $4.4 million primarily due the commencement of drilling, exploration, care and maintenance and cleanup work programs at the Phoenix Gold Project and including an offset by precious metal sales of $7.4 million;

- General and administrative expenditures increased by $0.9 million primarily related to consulting and professional fees as well as higher overhead and compensation expenses,

- Share based compensation decreased by $0.1 million primarily due a large amount of new options vesting at a lower fair value;

- Depreciation increased by $1.3 million due to increased activity at the Phoenix Gold Project in 2018 and increased usage of equipment and surface infrastructure assets;

- Interest and other expense (income) decreased by $1.3 million from a gain of $1.1 million to an expense of $0.3 million primarily due to $2.0 million received in the prior year as a result of the settlement of an agreement relating to operations at the Company's Phoenix Gold Project; and

- Net gains from foreign exchange increased by $0.4 million from a loss of $0.2 million in 2017 to a gain of $0.2 million in 2018 due to translation of transactions denominated in US dollars to Canadian dollars.

FOURTH QUARTER

For the three-month period ended December 31, 2018 the Company's net loss and comprehensive loss decreased by $4.0 million, totalling $3.6 million and a net loss per share of $0.05 compared to a net loss and comprehensive loss of $7.6 million and a net loss per share of $0.13 for the quarter ended ending December 31, 2017.

FOURTH QUARTER *(continued)*

Significant factors in changes in line items were as follows:

- Exploration and evaluation expenditures decreased by $3.5 million in the fourth quarter primarily due completion of the bulk mining exploration program and cleanup work programs at the Phoenix Gold Project, offset by $5.5 million of precious metal sales in the quarter;
- General and administrative expenses decreased by $0.7 million primarily due lower compensation costs following the completion of the bulk mining exploration and cleanup work programs at the Phoenix Gold Project;
- Share based compensation decreased by $0.5 million primarily due to timing of vesting milestones relating to options outstanding in the period;
- Depreciation increased by $1.3 million due to increased activity at the Phoenix Gold Project in 2018 and increased usage of equipment and surface infrastructure assets; and
- Deferred income tax recovery decreased by $0.2 million due to completion of a public flow-through share offering for $5.7 million in December of 2018.

SUMMARY OF QUARTERLY RESULTS

The following results are based on the Financial Statements (In Canadian dollars, in thousands except for per share data). See operating results, above, for discussion of movement in net income (loss) and comprehensive income (loss) for the year ended December 31, 2018 as compared to December 31, 2017 (in Canadian dollars, in thousands).

	2018 Fourth Quarter	2018 Third Quarter	2018 Second Quarter	2018 First Quarter	2017 Fourth Quarter	2017 Third Quarter	2017 Second Quarter	2017 First Quarter
Interest and other income (expense)	$ (250)	$ (114)	$ (211)	$ 438	$ (364)	$ 1,830	$ (192)	$ (189)
Comprehensive (loss)	(3,605)	(6,398)	(7,281)	(7,223)	(7,576)	(2,435)	(4,217)	(2,885)
Basic and fully diluted net income (loss) per share	$ (0.05)	$ (0.10)	$ (0.11)	$ (0.12)	$ (0.13)	$ (0.04)	$ (0.07)	$ (0.05)

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Working Capital (in Canadian dollars, in thousands)[1]

For the years ended	December 31, 2018	December 31, 2017
Current assets	$ 16,998	$ 22,805
Current liabilities	4,676	2,787
Working capital	$ 12,322	$ 20,018

The Company had working capital (see definition below in Non-GAAP Performance Measures) of $12.3 million as at December 31, 2018 compared to working capital of $20.0 million as at December 31, 2017. Working capital decreased in the current period by $7.7 million primarily due to cash outflows in operating

[1] "Working Capital" is a non-IFRS Performance Measure (see "Non-IFRS Performance Measures").

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES *(continued)*

Working Capital *(continued)*

activities resulting from increased exploration, mining, and bulk sample program activities at the Phoenix Gold Project. Cash outflows in operating activities was partially offset by the completion of a $10.9 million bought deal private placement financing and a $5.7 million non-brokered financing (see above in Corporate Developments).

In management's view, the Company has sufficient financial resources to maintain the Phoenix Gold Project in good standing and fund ongoing operating and administrative expenditures. The Company has, in the past, financed its activities by raising capital through equity issuances. Many factors influence the ability to raise funds, including the current economic climate for and overall sentiment towards mineral exploration investment, the Company's track record and the experience and caliber of its management. Although the Company has been able to access external financing to-date, there can be no assurance that funding will be available in the future or available on acceptable terms.

A continuous review of capital expenditure programs ensures the Company's capital resources are utilized in a responsible and sustainable manner to conserve cash and maintain adequate working capital. The Company's future is dependent upon its ability to obtain sufficient cash from external financing and related parties in order to fund its ongoing operations ultimate development of the Phoenix Gold Project.

The Company will continue to be dependent on raising equity capital or debt, in addition to adjusting expenditures and disposing of assets as required unless it reaches the commercial production stage and generates ongoing cash flow from operations.

Cash Flows

For the year ended December 31, 2018, the Company had net cash inflows of $6.2 million compared to net cash outflows of $19.4 million in the year ended December 31, 2017, an increase of $25.6 million. The change is primarily attributed to additional funds raised in the year through financing activities, precious metal sales and increased draw-downs of short-term investments in investing activities, offset by spending at the Phoenix Gold Project during the bulk sample program.

Operating Activities

Net cash used in operating activities was $19.8 million for the year ended December 31, 2018 compared with net cash used in operating activities of $12.8 million for the year ended December 31, 2017, representing an increase of cash outflows from operating activities of $7.0 million. The increase in cash used in operating activities is primarily attributed to higher expenditures on exploration and evaluation expenditures due to the commencement and subsequent completion of the bulk sample program.

Investing Activities

Cash generated from investing activities was $11.1 million for the year ended December 31, 2018 compared with cash used for investing activities of $14.8 million for the year ended December 31, 2017, an increase of $25.9 million year-over-year. The change is primarily attributed to a higher draw-down of short-term investments into cash and cash equivalents in the current year-quarter.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES *(continued)*

Cash Flows *(continued)*

Financing Activities

Cash generated in financing activities was $14.7 million for the year ended December 31, 2018 compared with cash generated in financing activities of $8.4 million for the year ended December 31, 2017. The cash generated was $6.3 million higher compared to prior year due to the completion of a $10.9 million bought deal private placement financing and a $5.7 million non-brokered financing (see above in Corporate Developments).

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements, other than operating lease commitments, as described in Note 23 to the Financial Statements.

PROVISION FOR CLOSURE AND RECLAMATION

The Company has an obligation to close and rehabilitate the Phoenix Gold Project site upon its abandonment.

The provision for closure and reclamation as at December 31, 2018 is $7.7 million (December 31, 2017 - $7.7 million).

As of March 22, 2019, the Company has insurance products with coverage in excess of the current $7.7 million liability estimate for closure and reclamation. The insurance products are guaranteed through to April 2021 contingent on the Company making the related premium payments over this period.

COMMITMENTS AND CAPITAL LEASE OBLIGATIONS

Other than the liabilities recorded on the balance sheet as at December 31, 2018, the Company has the following contractual, capital and operating lease and rental commitments (in Canadian dollars, in thousands):

	December 31, 2018	December 31, 2017
Less than 1 year	$ 250	$ 264
Between 1 and 3 years	377	460
Between 3 and 5 years	202	248
Total	$ 829	$ 972

The Company is required to make certain cash payments and incur exploration costs to maintain its mineral properties in good standing. These payments and costs are at the Company's discretion and are based upon available financial resources and the exploration merits of the mineral properties which are evaluated on a periodic basis.

TRANSACTIONS WITH RELATED PARTIES

Disclosed below are details of the transactions between the Company and other related parties, including transactions with the Company's officers and directors (in Canadian dollars, in thousands).

Key management personnel compensation

Compensation	December 31, 2018	December 31, 2017
Salaries, directors' fees and benefits	$ 2,722	$ 2,281
Share-based payments	1,513	1,714
Total	$ 4,235	$ 3,995

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The Company's accounting policies are described in detail in Note 2 of the December 31, 2018 Financial Statements. The Company considers the following judgments and estimates to be most critical in understanding its financial results:

Significant accounting judgments and sources of estimation uncertainty

The preparation of the Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts and the valuation of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenditures during the period reported. Management uses its best estimates for these purposes, based on assumptions that it believes reflect the most probable set of economic conditions and planned courses of action. While actual results could differ materially from these estimates, and other than as described below in impairment of non-current non-financial assets, no specific sources of estimation uncertainty have been identified by management that are believed to have a significant risk of resulting in a material adjustment within the next financial year to the carrying amount of the Company's assets and liabilities as recorded at December 31, 2018.

The most significant judgments and estimates made by management in preparing the Company's Financial Statements are described as follows:

Impairment of non-current non-financial assets

The Company reviews and evaluates the carrying value of each of its non-current non-financial assets for impairment when events or changes in circumstances indicate that the carrying amounts of the related asset may not be recoverable. The identification of such events or changes and the performance of the assessment requires significant judgment. Furthermore, management's estimates of many of the factors relevant to completing this assessment, including commodity prices, foreign currency exchange rates, mineral resources, and operating, capital and reclamation costs, are subject to risks and uncertainties that may further affect the determination of the recoverability of the carrying amounts of its non-current non-financial assets.

At each reporting period, management reviews property plant and equipment for indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated to determine the extent of the

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Impairment of non-current non-financial assets *(continued)*

impairment, if any. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Fair value of mineral assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, using a post-tax discount rate. Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal, using a pre-tax discount rate.

If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for that period. Impairment is normally assessed at the level of cash-generating units ("CGUs"), which are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets.

Non-financial assets other than goodwill that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. When a reversal of a previous impairment is recorded, the reversal amount is adjusted for depreciation that would have been recorded had the impairment not taken place.

The determination of fair value and value in use requires management to make estimates and assumptions about expected production and sales volumes, gold prices, mine plan estimates, operating costs, mine closure and restoration costs, future capital expenditures and appropriate discount rates for future cash flows. The estimates and assumptions are subject to risk and uncertainty, and as such there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reduced with the impact recorded in the statement of income.

As at December 31, 2018, management's impairment assessment did not result in the identification of any impairment indicators or identification of impairment reversals.

Flow-through Shares

Periodically, the Company finances a portion of its exploration and development activities through the issuance of flow-through common shares whereby the tax benefits of the eligible resource expenditures incurred are renounced to investors in accordance with tax legislation. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the fair value of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium and is reversed and recognized as an income tax recovery as the related resource expenditures are incurred and the tax effect of the temporary differences is recorded. The net difference between the liability and the value of the tax assets renounced is reported as deferred tax expense.

Significant judgment is required in determining the provision for income taxes, due to the complexity of legislation, including the judgments around the use of flow-through share financing.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Flow-through Shares *(continued)*

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company adopted the following accounting standards and amendments effective January 1, 2018:

IFRS 9, "Financial Instruments"

The IASB issued its completed version of IFRS 9, Financial Instruments ("IFRS 9") in July 2014. The completed standard provides revised guidance on the classification and measurement of financial assets. It also introduces a new expected credit loss model for calculating impairment for financial assets. The new hedging guidance that was issued in November 2013 is incorporated into this new final standard.

The final version of IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Company's Financial Statements.

On transition, investments classified as available-for-sale have been re-designated fair-value through profit and loss financial instruments. Associated revaluation adjustments will be recorded through the statement of loss instead of through other comprehensive income. The Company has recorded an adjustment to opening deficit and accumulated other comprehensive loss on transition for cumulative gains/losses on these instruments of $17.

The following are the Company's new accounting policies for its financial instruments under IFRS 9:

Financial assets

The Company recognize a financial asset when the Company become a party to the contractual provisions of the instruments. Financial assets are initially measured at fair value and subsequently re-measured either at (i) amortized cost or (ii) fair value either through profit or loss ("FVTPL") based on the classification of the financial asset. The classification of the financial assets within each measurement category is based on the business model and cash flow characteristics of the instrument.

Financial assets are derecognized when the Company has transferred substantially all the risks and rewards of ownership of the financial asset or when the cash flows expire.

Financial liabilities

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements. Since the Company did not have any financial liabilities designated at fair value through profit or loss, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities as disclosed in the Financial Statements for the year ended December 31, 2018.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION *(continued)*

IFRS 9, "Financial Instruments" *(continued)*

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Company's financial instruments:

Financial Statement Item	**Under IAS 39**	**Under IFRS 9**
Cash	Held to maturity	FVTPL
Short-term investments	Held to maturity	Amortized cost
Accounts receivable	Loans and receivable	Amortized cost
Restricted cash	Held to maturity	FVTPL
Marketable securities	Available for sale	FVTPL
Debt	Amortized cost	Amortized cost

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and United States Generally Accepted Accounting Principles ("US GAAP"). As a result of the joint project, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company has developed a plan and assessed that there will not be any material impact of the adoption of this standard.

The following are accounting standards not yet adopted:

IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company plans to adopt the new standard beginning January 1, 2019. The Company expects that the new standard will result in an increase in assets and liabilities, as well as a corresponding increase in amortization and finance expense. The Company also expects that cash flow from operating activities will increase under the new standard because lease payments for most leases will be recorded as cash outflows from financing activities in the statements of cash flows. The magnitude of these impacts of adopting the new standard have not yet been determined.

The Company is currently conducting a review of its contracts with suppliers to collect data necessary for adoption of the new standard, and expects to recognize right of use assets at transition in addition to its finance lease obligations.

IFRIC 23, "Uncertainty over Income Tax Treatments"

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") was issued in June 2017 and is to be applied to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. This interpretation becomes

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION *(continued)*

IFRIC 23, "Uncertainty over Income Tax Treatments" *(continued)*

effective for annual periods beginning on or after January 1, 2019 and management does not currently anticipate the early adoption of the standard.

FINANCIAL INSTRUMENTS

Financial instrument risks

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of non-payment of cash and cash equivalents and short-term investments at December 31, 2018 amounted to $15,944 (December 31, 2017 - $21,883). These cash and cash equivalents and short-term investments are held on deposit with major Canadian banks or in bank guaranteed investment certificates which are guaranteed by a major Canadian bank or by a provincial government. The Company's credit risk exposure from accounts receivable, excluding HST refunds, at December 31, 2018 is considered immaterial.

Liquidity Risk

The Company's liquidity risk from financial instruments is its need to meet operating accounts payable requirements, commitments, finance lease obligations, and debt service payments. The Company has no significant sources of revenue, has a historic deficit of $779,553, and is dependent on financing to fund its operations. In addition, as the Company is in the advanced exploration stage, it is subject to the risks, uncertainties and challenges similar to other companies in a comparable stage of exploration (see "Financial Condition, Liquidity and Capital Resources" for additional liquidity risk discussion).

Foreign Exchange Risk

Foreign exchange risk is the risk that fluctuations in foreign exchange rates may have an effect on future cash flows associated with the Company's US dollar denominated cash balances. Fluctuations in the CAD/USD exchange rate may result in a decrease or increase in foreign exchange income or expense. A change in the CAD/USD exchange rate of 1.0% on the December 31, 2018 US dollar denominated balances related to the cash balances would result in a change to net loss of approximately $9.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. The majority of these investments are in high interest savings accounts and guaranteed investment certificates with pre-determined fixed yields. A difference in interest rates of 1.0%, on the December 31, 2018 average balance of cash and cash equivalents and short-term investments, over the year, would result in a change to net loss of approximately $159.

OUTSTANDING SHARE DATA

As at March 22, 2019 the Company had the following securities outstanding: (i) 70,273,129 common shares of the Company; (ii) 4,409,703 stock options to purchase common shares of the Company at a weighted average exercise price of $1.46 per option; (iii) 800,000 common share purchase warrants outstanding at an exercise price of $1.35 per warrant, on a one-for-one basis. On a fully diluted basis, the Company would have 75,482,832 common shares of the Company issued and outstanding, after giving effect to the exercise of the options and warrants of the Company that are outstanding.

NON-IFRS PERFORMANCE MEASURES

The Company uses the working capital performance measure in its analysis. This performance measure has no meaning within generally accepted accounting principles under IFRS and, therefore, amounts presented may not be comparable to similar data presented by other companies. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS

Disclosure controls and procedures

Disclosure controls and procedures ("**DCP**") have been designed to provide reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operation of disclosure controls and procedures and has evaluated the effectiveness of the Company's DCP and has concluded that they were effective as at December 31, 2018.

Internal control over financial reporting

The Company's internal control over financial reporting ("**ICFR**") is designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with IFRS. However, due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud.

Control Framework

Management has used the Internal Control – Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') in order to assess the effectiveness of the Company's internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

ADDITIONAL INFORMATION

Additional information on the Company, including the AIF and other public filings, are available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This MD&A contains statements that constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable Canadian and United States securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "intends", "may", "will", "should", "plans", "anticipates", "potential", "expects", "estimates", "forecasts", "budget", "likely", "goal" and similar expressions or statements that certain actions, events or results may or may not be achieved or occur in the future. In some cases, forward-looking information may be stated in the present tense, such as in respect of current matters that may be continuing, or that may have a future impact or effect. Forward-looking statements reflect our current expectations and assumptions, and are subject to a number of known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Forward-looking statements include, but are not limited to statements regarding the anticipated contents of the PEA; the mineral potential and exploration accessibility of identified exploration targets; the planned exploration of such exploration targets; the implications of the results of the bulk sample program in respect of the 2018 Mineral Resource Estimate; the future exploration success at the Company and the Phoenix Gold Project; the ability to identify new mineral resources and convert mineral resources into mineral reserves; the impact of estimation methodologies on mine and production planning; the ability to generate cash flows that exceed requirements; the timing and amount of capital expenditures and costs; the development of new mineral deposits; Rubicon's ability to meet current debt obligations or to complete future financings to raise additional capital as needed; expected ore grades, recovery rates and through-put; the ability of Rubicon to comply with environmental safety and other regulatory requirements as well as Rubicon's policies in respect thereof; expected or proposed exploration and development activities, and the expected costs thereof; expectations regarding currency fluctuations; future prices of precious and base metals; and the ability of Rubicon to comply with or obtain government approvals or permits in connection with the continued operation and exploration of its properties.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable. If such opinions and estimates prove to be incorrect, actual and future results may be materially different than expressed in the forward-looking statements. The material assumptions upon which such forward-looking statements are based include, among others, that: the demand for gold and base metal deposits will develop as anticipated; the price of gold will remain at or attain levels that would render the Phoenix Gold Project potentially economic; that any proposed operating and capital plans will not be disrupted by operational issues, title issues, loss of permits, environmental concerns, power supply, labour disturbances, financing requirements or adverse weather conditions; Rubicon will continue to have the ability to attract and retain skilled staff; and there are no material unanticipated variations in the cost of energy or supplies.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Rubicon to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

FORWARD-LOOKING STATEMENTS *(continued)*

Such factors include, among others: gold price fluctuations; possible variations in mineralization, grade or recovery or throughput rates; uncertainty of mineral resources, inability to realize exploration potential, mineral grades and mineral recovery estimates; actual results of current exploration activities; actual results of reclamation activities; uncertainty of future operations, delays in completion of exploration plans for any reason including insufficient capital, delays in permitting, and labour issues; conclusions of future economic or geological evaluations; changes in project parameters as plans continue to be refined; failure of equipment or processes to operate as anticipated; accidents and other risks of the mining industry; delays and other risks related to operations; timing and receipt of regulatory approvals; the ability of Rubicon and other relevant parties to satisfy regulatory requirements; the ability of Rubicon to comply with its obligations under material agreements including financing agreements; the availability of financing for proposed programs and working capital requirements on reasonable terms; the ability of third-party service providers to deliver services on reasonable terms and in a timely manner; risks associated with the ability to retain key executives and key operating personnel; cost of environmental expenditures and potential environmental liabilities; dissatisfaction or disputes with local communities or First Nations or Aboriginal Communities; failure of plant, equipment or processes to operate as anticipated; cost of supplies; market conditions and general business, economic, competitive, political and social conditions.

Forward-looking statements contained herein are made as of the date of this MD&A and Rubicon disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except as required by applicable securities laws. Readers are advised to carefully review and consider the risk factors identified in this MD&A under the heading "Risk Factors" for a discussion of the factors that could cause Rubicon's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements. Readers are further cautioned that the foregoing list of assumptions and risk factors is not exhaustive and it is recommended that prospective investors consult the more complete discussion of Rubicon's business, financial condition and prospects that is included in this MD&A. The forward-looking statements contained herein are expressly qualified by this cautionary statement

Cautionary Note to U.S. Readers Regarding Estimates of Indicated and Inferred Resources

This MD&A uses the terms "measured" and "indicated" mineral resources and "inferred" mineral resources. The Company advises U.S. investors that while these terms are recognized and required by Canadian securities administrators, they are not recognized by the SEC. The estimation of "measured", "indicated" and "inferred" mineral resources involves greater uncertainty as to their existence and economic feasibility than the estimation of proven and probable reserves. The estimation of "inferred" resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. It cannot be assumed that all or any part of a "measured", "indicated" or "inferred" mineral resource will ever be upgraded to a higher category.

Under Canadian rules, estimates of "inferred mineral resources" may not form the basis of feasibility studies, pre-feasibility studies or other economic studies, except in prescribed cases, such as in a preliminary economic assessment under certain circumstances. The SEC normally only permits issuers to report mineralization that does not constitute "reserves" as in-place tonnage and grade without reference to unit measures. Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to

FORWARD-LOOKING STATEMENTS *(continued)*

Cautionary Note to U.S. Readers Regarding Estimates of Indicated and Inferred Resources *(continued)*

assume that any part or all of a "measured", "indicated" or "inferred" mineral resource exists or is economically or legally mineable. Information concerning descriptions of mineralization and resources contained herein may not be comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.

Mineral Resources

Mineral resources that are not mineral reserves do not have demonstrated economic viability. The estimation of mineral resources is inherently uncertain, involves subjective judgement about many relevant factors and may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral resource estimates may have to be re-estimated based on: (i) fluctuations in mineral prices; (ii) results of drilling and development; (iii) results of test stoping and other testing; (iv) metallurgical testing and other studies; (v) proposed mining operations, including dilution; (vi) the evaluation of mine plans subsequent to the date of any estimates; and (vii) the possible failure to receive required permits, approvals and licenses. The mineral resources in this MD&A were reported using Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") Standards.

Qualified Persons

The content of this MD&A has been read and approved by George Ogilvie, P.Eng., President and Chief Executive Officer, a Qualified Person as defined by NI 43-101.

APPROVAL

The Audit Committee on behalf of the Board of Directors has approved the disclosure contained in this MD&A.