



**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
For the three months ended May 31, 2023 and 2022
(Expressed in Canadian Dollars)**

Unaudited – Prepared by Management

RUGBY RESOURCES LTD.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

July 31, 2023

RUGBY RESOURCES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

		May 31, 2023	February 28, 2023
Assets			
Current			
	Notes		
		\$	\$
	Cash and cash equivalents	394,232	246,218
	Accounts receivable and prepaids	46,109	42,365
Total current assets		440,341	288,583
Non-Current			
	Mineral properties	155,625	155,625
Total assets		\$ 595,966	\$ 444,208
Liabilities			
Current			
		\$	\$
	Accounts payable and accrued liabilities	271,866	318,662
	Due to related parties	1,250	95,001
	Loan payable	40,000	40,000
Total current liabilities		313,116	453,663
Shareholders' Equity			
	Share capital	39,987,381	38,902,354
	Contributed surplus	7,976,648	7,631,399
	Share subscription received in advance	-	40,493
	Deficit	(47,533,061)	(46,443,760)
	Accumulated other comprehensive income/(loss)	(148,118)	(139,941)
Total shareholders' equity		282,850	(9,455)
Total liabilities and shareholders' equity		\$ 595,966	\$ 444,208

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 14)

Approved on behalf of the Board:

Robert Reynolds
..... Director

Yale Simpson
..... Director

RUGBY RESOURCES LTD.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED)

For the three months ended,	Notes	May 31, 2023	May 31, 2022
Expenses			
Accounting and audit		33,396	44,380
Administrative	8	244,582	210,215
Bank charges		3,589	2,813
Depreciation of right-of-use assets	5	-	6,787
Directors' fees	8	69,295	54,418
Foreign exchange (gain)/loss		(4,494)	4,074
Insurance		12,671	11,275
Interest on lease liability	5	-	184
Mineral property exploration expenditures	4 & 8	692,709	792,011
Shareholder communications		12,232	12,402
Stock exchange and filing fees		10,266	422
Transfer agent		4,737	3,724
Travel		10,318	33,039
Total Expenses		1,089,301	1,175,744
Net loss for the period		1,089,301	1,175,744
Other comprehensive loss for the period			
Foreign currency translation adjustment on:			
Mineral properties		-	281,021
Other		8,177	4,733
Comprehensive loss for the year		\$ 1,097,478	\$ 1,461,498
Basic & diluted loss per common share		\$ 0.005	\$ 0.006
Weighted average number of common shares outstanding		237,858,335	193,008,057

RUGBY RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the three months ended,	Notes	May 31, 2023	May 31, 2022
Operating Activities			
Net loss for the period		\$ (1,089,301)	\$ (1,175,744)
Items not requiring an outlay of cash:			
Depreciation of right-of-use-assets	5	-	6,787
Foreign exchange		(4,494)	4,074
Interest expense on lease liability	5	-	184
Share based payments	8	160,883	111,557
		(932,912)	(1,053,142)
Changes in non-cash working capital:			
Accounts receivable and prepaids		(3,744)	18,341
Accounts payable and accrued liabilities		(46,796)	20,363
Due to related parties		(93,751)	(88,205)
Cash outflows from operating activities		(1,077,203)	(1,102,643)
Financing Activities			
Lease liability payments	5	-	(7,109)
Loan proceeds	6	-	41,493
Shares issued for cash (private placement)	7	1,290,563	-
Share issue costs	7	(21,170)	-
Exercise of warrants	7	-	360,000
Share subscriptions received in advance	7	(40,493)	1,052,800
Cash flows from financing activities		1,228,900	1,447,184
Effect of foreign exchange rate change on cash		(3,683)	(8,813)
Net increase in cash and cash equivalents		148,014	335,728
Cash and cash equivalents - beginning of period		246,218	2,122,769
Cash and cash equivalents - end of period		\$ 394,232	\$ 2,458,497

RUGBY RESOURCES LTD.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****(UNAUDITED)**

	Issued Share Capital		Contributed Surplus	Shares subscriptions received in advance	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number of Shares	Amount					
Balance at February 28, 2022	192,991,753	\$ 35,149,347	\$ 7,231,982	\$ -	\$ (33,439,453)	\$ 162,013	\$ 9,103,889
- Warrants exercised	2,025,000	360,000	-	-	-	-	360,000
- Obligation to issue – 300,000 options exercised	-	-	-	30,000	-	-	30,000
- Obligation to issue – 6,315,000 warrants exercised	-	-	-	1,022,800	-	-	1,022,800
- Share-based payments recognized	-	-	111,557	-	-	-	111,557
- Other comprehensive loss	-	-	-	-	-	(285,754)	(285,754)
- Net loss for the period	-	-	-	-	(1,175,744)	-	(1,175,744)
Balance at May 31, 2022	195,016,753	\$ 35,509,347	\$ 7,343,539	\$ 1,052,800	\$ (34,615,197)	\$ (123,741)	\$ 9,166,748
- Warrants exercised	7,997,142	1,224,657	-	-	-	-	1,224,657
- Contributed surplus allocated on exercise of warrants	-	50,000	(50,000)	-	-	-	-
- Options exercised	300,000	30,000	-	-	-	-	30,000
- Contributed surplus allocated on exercise of options	-	107,250	(107,250)	-	-	-	-
- Equity financing – October 18, 2022	20,000,000	2,000,000	-	-	-	-	2,000,000
- Share issue costs	-	(18,900)	-	-	-	-	(18,900)
- Share-based payments recognized	-	-	445,110	-	-	-	445,110
- Share subscriptions received in advance	-	-	-	(1,012,307)	-	-	(1,012,307)
- Other comprehensive loss	-	-	-	-	-	(16,200)	(16,200)
- Net loss for the period	-	-	-	-	(11,828,563)	-	(11,828,563)
Balance at February 28, 2023	223,313,895	\$ 38,902,354	\$ 7,631,399	\$ 40,493	\$ (46,443,760)	\$ (139,941)	\$ (9,455)
- Equity financing – March 20, 2023	18,436,614	1,290,563	-	-	-	-	1,290,563
- Residual value of warrants	-	(184,366)	184,366	-	-	-	-
- Share issue costs	-	(21,170)	-	-	-	-	(21,170)
- Share subscriptions received in advance	-	-	-	(40,493)	-	-	(40,493)
- Share-based payments recognized	-	-	160,883	-	-	-	160,883
- Other comprehensive loss	-	-	-	-	-	(8,177)	(8,177)
- Net loss for the period	-	-	-	-	(1,089,301)	-	(1,089,301)
Balance at May 31, 2023	241,750,509	\$ 39,987,381	\$ 7,976,648	\$ -	\$ (47,533,061)	\$ (148,118)	\$ 282,850

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MAY 31, 2023 AND 2022
(UNAUDITED)

1. Nature of Operations and Going Concern

Rugby Resources Ltd. (“Rugby” or the “Company”) is an exploration stage company incorporated under the laws of British Columbia, Canada and together with its subsidiaries, it is engaged in the acquisition and exploration of mineral properties located in Colombia, Argentina, Chile, Australia and the Philippines. On August 24, 2022, the Company changed its name from Rugby Mining Limited to Rugby Resources Ltd. The Company has its primary listing on the TSX Venture Exchange (the “TSX-V”) under the symbol “RUG”. The Company’s head office is located at 810 - 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

The continued operations of the Company are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of such properties, and the profitable production from or disposition of such properties.

These unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for at least twelve months from May 31, 2023. Several adverse conditions and material uncertainties may cast significant doubt upon the validity of this assumption. The Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to maintain its mineral interests (see Note 4) and overhead requirements. The Company has incurred operating losses since inception. As at May 31, 2023, the Company had an accumulated deficit of \$47,533,061 (February 28, 2023 - \$46,443,760) and working capital of \$127,225 (February 28, 2023 – negative working capital of \$165,080). For the period ended May 31, 2023, the Company had a net loss of \$1,089,301 (2022 - \$1,175,744) and a cash outflow from operations of \$1,077,203 (2022 - \$1,102,643). In addition, if the Company is to advance or develop its projects, it will be necessary to obtain additional financing. Although management has been successful in the past in raising capital, there are no assurances that the Company will be successful raising capital in the future. The Company plans to do additional equity raising, when required, in order to obtain funding to meet on-going expenditures (see Note 14).

If the going concern assumption was not appropriate for these Interim Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments could be material.

Uncertainty is elevated through current economic conditions, geopolitical risks, inflation and rising interest rates.

2. Basis of Preparation

These Interim Financial Statements have been prepared in compliance with IFRS applicable to the preparation of the interim financial statements, including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. Accordingly, the accounting policies followed by the Company as set out in Note 3 of the audited consolidated financial statements for the year ended February 28, 2023, and have been consistently followed in the preparation of these Interim Financial Statements. These Interim Financial Statements do not include all the information and note disclosure required by IFRS for annual financial statements, and therefore, should be read in conjunction with the audited consolidated financial statements for the year ended February 28, 2023.

These Interim Financial Statements were approved and authorized by the Audit Committee of the Board of Directors for issue on July 31, 2023.

3. Significant Accounting Policies

The details of Rugby’s accounting policies are presented in Note 3 of its audited consolidated financial statements for the year ended February 28, 2023.

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MAY 31, 2023 AND 2022
(UNAUDITED)

4. Mineral Properties – Acquisition and Exploration Costs

a) Acquisition Costs

	Colombia Gold projects	Salvadora (Chile)	Venidero (Argentina)	Altiro-Futuro (Chile)	Total
<i>Cost</i>					
As at Feb 28, 2022:	\$ 66,075	\$ 7,298,701	\$89,550	\$ -	\$7,454,326
Impairment:	-	(6,946,713)	-	(30,269)	(30,269)
Translation adjustment:	-	(351,988)	-	-	283,405
Balance as at February 28, 2023:	\$ 66,075	\$ -	\$89,550	\$ -	\$155,625
As at Feb 28, 2023:	\$ 66,075	\$ -	\$89,550	\$ -	\$155,625
Translation adjustment:	-	-	-	-	-
Balance as at May 31, 2023:	\$ 66,075	\$ -	\$89,550	\$ -	\$155,625

Acquisition of Proximo Resources Pty Limited (“Proximo”)

On October 27, 2021, the Company announced it had completed the acquisition of Proximo, a private Australian company (the “Acquisition”). Proximo controlled silver and gold projects in Chile and Argentina, including the Salvadora and the Deseado projects.

Pursuant to the terms of the purchase agreement between Rugby, Proximo, the shareholders of Proximo (“Proximo Shareholders”) and the holders of stock options of Proximo (“Proximo Optionholders” and collectively with the Proximo Shareholders, the “Sellers”), in consideration for the acquisition of Proximo, Rugby issued to the Sellers an aggregate of 50 million common shares and to the Proximo Optionholders (who became eligible persons to receive options under Rugby's stock option plan upon closing), stock options to acquire up to 3,500,000 common shares at a price of \$0.10 per share until January 13, 2026 (these stock options were subsequently forfeited, see Note 8).

Consideration	
Fair value of common shares issued (50,000,000 common shares @ \$0.125 per share)	\$6,250,000
Fair value of 3,500,000 Rugby options granted @ \$0.10	298,619
Total equity consideration	\$6,548,619
Transaction costs	190,747
Total consideration	\$6,739,366

The fair value of the 3,500,000 options granted by the Company was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

Expected annual volatility	122%
Risk-free interest rate	1.22%
Expected life	4.26 years
Expected dividend yield	0%

The Acquisition was accounted for as an asset acquisition. The total consideration was allocated to the assets acquired based on their fair value with the balance of the consideration recorded to mineral properties:

Assets acquired:	
Cash	\$ 23,685
Amounts receivable and prepaids	14,148
Mineral properties:	
Salvadora (Chile)	7,015,296
Venidero (Argentina)	89,550
Altiro-Futuro (Chile)	30,269
Accounts Payable and accrued liabilities	(153,391)
Loans	(280,191)
Net assets acquired	\$6,739,366

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(UNAUDITED)

4. Mineral Properties – Acquisition and Exploration Costs (Continued)

b) Exploration Costs

The tables below show the Company’s exploration and evaluation expenditures for the three month periods ended May 31, 2023 and 2022.

Three Months Ended May 31, 2023							
	Generative & Others	El Zanjon	Cobrasco	Colombia			Total
				Gold	Motherlode		
Assays	\$ -	\$ 13,633	\$ 5,532	\$ -	\$ -		\$ 19,165
Environmental	-	2,174	6,761	-	-		8,935
Field camp	-	1,221	75,823	-	2,529		79,573
Geological and geophysics*	-	19,927	84,298	337	-		104,562
Helicopter support	-	-	206,494	-	-		206,494
IVA	-	8,192	7,743	-	-		15,935
Legal & title	9,446	-	16,228	-	-		25,674
Office operations	-	-	-	-	152		152
Tenement fees, socialization, access and option payments	550	-	65,764	-	-		66,314
Travel	-	4,235	23,957	-	1,423		29,615
Wages and benefits	-	-	130,090	3,660	2,540		136,290
Exploration and evaluation costs	\$ 9,996	\$ 49,382	\$622,690	\$ 3,997	\$6,644		\$692,709

* Includes share based compensation, see Note 8.

Three Months Ended May 31, 2022							
	Generative & Others	Salvadora	El Zanjon	Cobrasco	Colombia		Total
					Gold	Motherlode	
Assays	\$ -	\$ 13,289	\$ 21,099	\$ 1,739	\$ -	\$ -	\$ 36,127
Field camp	-	82,380	-	110,107	-	6,932	199,419
Geological and geophysics*	-	32,010	20,966	86,500	6,133	-	145,609
Helicopter support	-	-	-	108,719	-	-	108,719
IVA	-	29,990	-	-	-	-	29,990
Legal & title	13,386	6,140	-	7,682	7,667	-	34,875
Office operations	-	1,115	-	3,121	230	-	4,466
Tenement fees, access and option payments	42,385	4,061	-	6,893	-	-	53,339
Travel	-	1,061	15,806	28,476	-	4,138	49,481
Wages and benefits	-	14,428	-	86,473	26,919	2,166	129,986
Exploration and evaluation costs	\$ 55,771	\$ 184,474	\$ 57,871	\$439,710	\$ 40,949	\$13,236	\$792,011

* Includes share based compensation, see Note 8.

Cobrasco Copper Project, Colombia

The Cobrasco concessions, located 100 km southwest of Medellin in the Choco Region of Colombia, cover 3,000 hectares (“ha”) and were purchased in April 2013. They are 100% owned by Rugby subject to a 1% NSR.

El Zanjon Gold and Silver Project, Argentina

On July 31, 2019, the Company announced that it had entered into an option agreement to earn up to 100% of the El Zanjon Gold and Silver Project (“El Zanjon”) in Santa Cruz Province, Argentina. The project covers approximately 600 square kilometres (“km”) within the Deseado Massif gold and silver district.

Pursuant to the terms of the option agreement, the Company paid \$15,000 in July 2019, July 2020, July 2021 and July 2022 respectively and will be required to make further annual tenure payments totaling \$15,000 each. The vendors will retain a 2% NSR.

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4. Mineral Properties – Acquisition and Exploration Costs (Continued)

On September 23, 2021, Rugby and the vendors agreed to add any shortfall in exploration expenditures related to stage (ii) of \$23,631 to stage (iii)*. Subsequent to the year ended February 28, 2023, on April 3, 2023, Rugby negotiated an amendment to the option agreement modifying the quantum and timing of staged exploration expenditures (iii), (iv) and (v).

In order to earn 100% of El Zanjon, pursuant to the amendment to the option agreement, Rugby has the option to incur staged exploration expenditures totaling \$3.65 million over 9 years including completing studies to pre-feasibility standards as follows:

- (i) \$100,000 by January 17, 2021 (Stage 1) (incurred);
- (ii) \$226,369 by January 17, 2022 (Stage 2) (incurred);
- (iii) \$523,631 by January 17, 2025 (Stage 3)*;
- (iv) \$800,000 by January 17, 2026 (Stage 4); and
- (v) \$2,000,000 by July 17, 2027 (Stage 5).

The Salvadora Silver-Copper-Gold Project, Chile – acquired under the Proximo acquisition

On December 12, 2022, the Company announced the termination of its option on the Salvadora project in Chile. Management assessed impairment indicators for the Company’s exploration and evaluation assets and wrote-down the Salvadora project to \$nil upon relinquishing the option agreement to acquire the project due to increased political uncertainties around mineral royalties in Chile, high holding costs and limited scope of the target and recorded an impairment expense of \$6,946,713 for the year ended February 28, 2023.

Motherlode Gold Copper Project, Philippines

Motherlode (formerly the Mindanao Motherlode Gold Mine) is located in the center of the broader Mabuhay project area. On October 5, 2010, the Company announced it had entered into agreements with Pelican Resources Limited (“Pelican”), an ASX listed company, and All-Acacia Resources Inc. (“All-Acacia”), a Philippine company over the Mabuhay project in the Philippines. The agreement with Pelican and its Philippine subsidiary, SunPacific Resources Philippines, Inc. (“SunPacific”), together with the agreement with All-Acacia (collectively, the “Mabuhay Agreement”) grant the Company the right and option (“Mabuhay Option”) to earn an 80% interest in the Mabuhay project. Pursuant to the terms of the Mabuhay Agreement, the Company paid signature fees totaling US\$70,000.

In April 2016, the Company purchased all of Pelican and Sun Pacific’s residual interest in Mabuhay for A\$10,000 and consequently, they have no remaining interest in Mabuhay.

As a result of a Philippine government moratorium on the granting of new Mineral Production Sharing Agreements (“MPSA”) pending legislation enacting a revised revenue sharing scheme, the Company along with All-Acacia signed an amended Mabuhay Agreement (the “Amended Mabuhay Agreement”) to allow for the conversion of the MPSA Application to an Exploration Permit Application (“EPA”). In January 2019, the Company received final approval of the Exploration Permit (“EP”).

The Company and All-Acacia negotiated a further amendment to the option agreement (the “Second Amendment to the Mabuhay Agreement”), signed in September 2020, which modified the quantum and timing of the staged payments (see below). Rugby will pay All-Acacia in either shares (subject to TSX-V approval) or in cash, subject to All-Acacia’s right to elect to receive up to 50% in cash.

Pursuant to the Second Amendment to the Mabuhay Agreement, in order to maintain its option, the Company is required to make the following staged payments totaling US\$250,000 and a final payment of US\$175,000 to All-Acacia:

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4. Mineral Properties – Acquisition and Exploration Costs (Continued)

- (i) US\$50,000 by March 26, 2019 (paid by issuing 365,000 common shares valued at US\$50,000 (\$65,700);
- (ii) US\$50,000 by March 20, 2020 (paid in September 2020 by issuing 253,326 common shares valued at US\$25,000 (\$30,399) and US\$25,000 (\$33,000) in cash);
- (iii) US\$50,000 by March 20, 2021, payable in cash or shares (paid in February 2022 by issuing 302,095 common shares valued at US\$50,000 (\$63,440)*;
- (iv) US\$50,000 by March 20, 2022, payable in cash or shares (see amendment below)*;
- (v) US\$50,000 by March 20, 2023, payable in cash or shares (see amendment below)*; and
- (vi) a final payment of US\$175,000, payable in cash or shares* within 30 days from the grant and registration of a mineral agreement allowing for development of a mine.

* *The payment terms provide for payment of up to 50% in cash at All-Acacia's option.*

The Company negotiated a further amendment to the option agreement with All-Acacia which delays for additional 12 months staged payments (iii), (iv) and (v). The amendment has not been formally finalized yet. Rugby and All-Acacia have held discussions regarding further delay to payments and exploration expenditures.

Additionally, the Company is required to incur the following staged expenditures totaling US\$4.5 million over six years and complete a pre-feasibility study to earn its interest and exercise its Mabuhay Option:

- (i) US\$250,000 by March 20, 2020 (incurred);
- (ii) US\$500,000 by March 20, 2021 (incurred);
- (iii) US\$750,000 by March 20, 2022;
- (iv) US\$1,000,000 by March 20, 2023;
- (v) US\$1,000,000 by March 20, 2024; and
- (vi) US\$1,000,000 by March 20, 2025.

Upon the exercise of the Mabuhay Option, All-Acacia and the Company have agreed to form a joint venture with respect to the development of and conduct of mining operations on the property and on each anniversary date thereafter, the Company must pay an additional US\$200,000 to All-Acacia towards All-Acacia's pro-rata share of expenditures until commencement of production from the Mabuhay project.

Colombia Gold Projects

Regional Applications, Colombia

On June 1, 2016, Rugby announced that it had acquired an extensive portfolio of both granted exploration concessions and applications in Colombia together with an extensive geological database. Under the terms of the agreement, Rugby acquired 100% of the rights to the portfolio of mineral properties and geological database for nominal cash consideration.

Tantalus

In February, 2020, the Company entered into an agreement to acquire the Tantalus gold silver project, located in the Bucaramanga gold belt in Colombia and paid the vendor approximately \$16,000. Tantalus is currently in the application stage and pursuant to the agreement, Rugby will pay the vendor approximately \$31,000 upon title being granted and transferred to Rugby. The vendor will retain a 1% NSR which can be purchased at prices ranging between US\$1,300,000 and US\$5,000,000.

Deseado Projects

- a) The Venidero Project, Argentina – acquired under the Proximo acquisition

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4. Mineral Properties – Acquisition and Exploration Costs (Continued)

Venidero is an early-stage project, located 60 km south of the Cerro Negro Project in western Santa Cruz Province, Argentina. It is underlain by the same Chon Aike host rocks to those that host the mineralisation at Cerro Negro and also has interesting structural complexity with outcropping veins having anomalous gold geochemistry.

b) The Altiro-Futuro Project, Argentina and Chile – acquired under the Proximo acquisition

The Altiro-Futuro Project, located within the epithermal precious metal vein district of the Deseado Massif in Santa Cruz Province, Argentina and Patagonia, Southern Chile. Due to its lack of potential, Rugby relinquished the property, wrote-down the project to \$nil and recorded an impairment expense of \$30,269 for the year ended February 28, 2022.

Georgetown Project, Australia

On April 13, 2021, the Company announced that it had been granted three exploration permits totaling 849 square km covering extensive gold occurrences in the Georgetown region in North Queensland, Australia. The three exploration permits form Rugby's Georgetown Project. The region has had a long history of mining, particularly for gold, with over 1,000 mines, prospects and mineral occurrences identified within the district.

On September 1, 2022, Rugby signed an Earn-in and JV Heads of Agreement (the "HOA") with EMU NL ("EMU") under which EMU can earn an interest of up to 80% in the Georgetown project. EMU may earn a 50% interest in the project by spending not less than A\$750,000 on exploration or development and a further 30% interest by spending a further A\$1,100,000.

Subsequent to the period ended May 31, 2023, during the month of July 2023, Rugby and EMU negotiated an amendment to the HOA which delays the timing of exploration or development expenditures for 12 months. Pursuant to the amended HOA, the optional earn-in spend rate for first a 50% interest then an 80% interest is as follows:

To earn an initial 50% interest:

- A\$200,000 by August 24, 2024;
- Additional A\$250,000 by August 24, 2025; and
- Additional A\$300,000 by August 24, 2026.

To earn an additional 30% interest for a total 80%:

- A\$500,000 by August 24, 2027; and
- Additional A\$600,000 by August 24, 2028.

5. Right-of-use asset and liability

In November 2020, the Company entered into a lease agreement for office space in Sydney, Australia. The ROU asset for this office was amortized on a straight-line basis until the end of the lease term of November 2022. The lease payments were discounted using a discount rate of 4.5% per annum which represented the Company's incremental borrowing rate. The continuity of the ROU asset and lease liability for the the period ended May 31, 2023 is as follows:

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5. Right-of-use asset and liability (Continued)

Right-of-use assets	
Value of ROU asset as at Feb 28, 2022	\$ 18,039
Depreciation	(6,787)
Foreign exchange	(131)
Value of ROU asset as at May 31, 2022	<u>\$ 11,121</u>
Depreciation	(10,872)
Foreign exchange	(249)
Value of ROU asset as at May 31, 2023	<u>\$ -</u>
Lease liability	
Value of lease liability as at Feb 28, 2022	\$ 18,582
Interest on lease liability	184
Lease payments	(7,109)
Foreign exchange	(137)
Lease liability as at May 31, 2022	<u>\$ 11,520</u>
Interest on lease liability	125
Lease payments	(11,390)
Foreign exchange	(255)
Lease liability as at May 31, 2023	<u>\$ -</u>

6. Loan Payable

In May 2020, the Company received \$40,000 related to the Canada Emergency Business Account (CEBA) loan. CEBA is an interest-free loan launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. Repaying the balance of the loan on or before December 31, 2023 will result in loan forgiveness of 25% (up to \$10,000).

During the three period ended May 31, 2022, the Company received interest-free loans from employees for a combined total of approximately \$41,493. The Company repaid the loans during the year ended February 28, 2023.

7. Share Capital

The authorized share capital of the Company is an unlimited number of common shares without par value.

Issuances - period ended May 2023

On March 20, 2023, the Company completed a non-brokered private placement financing consisting of 18,436,614 units at a price of \$0.07 per unit for gross proceeds of \$1,290,563. Each unit consisted of one (1) common share and one (1) common share purchase warrant. Each warrant entitles the holder thereof to purchase one (1) additional common share of the Company at an exercise price of \$0.18 until March 20, 2025. The Company paid \$21,170 as finder's fees in connection with the financing.

See Note 14 for private placement announced subsequently.

Issuances - period ended May 2022

During the month of May 2022, the Company issued a combined total of 2,025,000 common shares upon the exercise of warrants at an average weighted price of \$0.18 per share for total proceeds of \$360,000.

At May 31, 2022 the Company had received cash of \$1,052,800 for an exercise of 300,000 options at a price of \$0.10 per share for total proceeds of of \$30,000 and for an exercise of 6,315,000 warrants at a weighted average price of \$0.16 per share for total proceeds of \$1,028,800. Subsequent to May 31, 2022, the Company issued the common shares for these exercises and reclassified to share capital the total amount of \$1,052,800.

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8. Stock Option Plan

At the Company's Annual General Meeting held on December 8, 2022, the shareholders of the Company approved the renewal of the Company's rolling stock option plan (the "Option Plan"). The essential elements of the Option Plan are as follows. The aggregate number of shares of the Company's capital stock reserved for issuance pursuant to the Option Plan and all other security-based compensation arrangements will represent a maximum of 10% of the total issued and outstanding shares of the Company at the date of the grant. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the grant date, less the maximum discount permitted by TSX-V), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options granted under the Plan are may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

The following is a summary of the changes in share options during the three month period ended May 31, 2023 and the year ended February 28, 2023:

	May 31, 2023		February 28, 2023	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	21,280,000	\$0.13	17,275,000	\$0.13
Granted	-	-	7,660,000	0.11
Exercised	-	-	(300,000)	0.10
Cancelled	(200,000)	0.16	(200,000)	0.10
Forfeited	(2,075,000)	0.10	(1,525,000)	0.11
Expired	-	-	(1,630,000)	0.10
Options outstanding, end of period	19,005,000	\$0.13	21,280,000	\$0.13

The weighted average fair value at the measurement date of the 7,660,000 options granted by the Company during the year ended February 28, 2023 was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	February 28, 2023
Expected annual volatility	108.50%-114.09%
Risk-free interest rate	3.27%-3.82%
Expected life	5 years
Expected dividend yield	0%

There were 300,000 options exercised during the year ended February 28, 2023 at a weighted average price of \$0.10 per share and the weighted average trading price at the time of exercise was \$0.145.

During the period ended May 31, 2023, there were 200,000 options cancelled or voluntarily surrendered by option holders (year ended February 28, 2023 – 200,000) and the Company accounted for these as cancellations whereby the unvested balance of the original fair value was immediately expensed in the amount of \$nil (year ended February 28, 2023 - \$nil).

Additionally, during the period ended May 31, 2023, 2,075,000 options, related to the acquisition of Proximo (see Note 4) with an exercise price of \$0.10 (year ended February 28, 2023 - 1,525,000 options with an exercise price of \$0.11) per share were forfeited.

The following table summarizes information about the stock options outstanding and exercisable at May 31, 2023:

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8. Stock Option Plan (Continued)

Range of Prices (\$)	Outstanding Options			Exercisable Options		
	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
0.10 - 0.16	16,530,000	3.26	\$ 0.11	8,776,250	2.25	\$ 0.11
0.17 - 0.22	2,475,000	3.74	\$ 0.20	1,806,250	3.74	\$ 0.20
	19,005,000	3.32	\$ 0.13	10,582,500	2.50	\$ 0.12

Share-based compensation recognized on RSU's and options vesting during the three month periods ended May 31, 2023 and 2022 has been allocated to contributed surplus and expensed as follows:

Three months ended May 31,	2023	2022
Administrative	\$ 55,350	\$45,763
Directors' fees	69,295	54,418
Mineral property exploration expenditures	36,238	11,376
Total	\$160,883	\$111,557

9. Restricted Share Unit / Deferred Share Unit Plan ("RSU / DSU Plan")

On November 29, 2018, the Company's disinterested shareholders approved the adoption of an RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, officers, consultants and directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The number of shares reserved for issuance from treasury under the RSU/DSU Plan was 1,151,000 shares (granted subsequently on September 2, 2022). On December 8, 2022, shareholders of the Company approved an amendment to the RSU/DSU Plan whereby the maximum numbers of shares made available for issuance shall not exceed 3,349,708 shares.

Restricted share units

RSUs granted pursuant to this Plan will be used to compensate participants for their individual performance-based achievements and are intended to supplement stock option awards in this specific respect.

On September 2, 2022, the Company granted a total of 1,151,000 RSU's, vesting over a period of three years, to a director and an officer. During the three month period ended May 31, 2023, the Company recorded \$22,860 in share-based compensation expense with respect to the RSUs based on the fair value at the grant date. The value of RSUs granted is recorded as share based compensation expense in contributed surplus over the vesting period.

	Outstanding RSU's
Outstanding, Feb 28, 2022	-
Awarded	1,151,000
Outstanding Feb 28, 2023	1,151,000
Awarded	-
Outstanding May 31, 2023	1,151,000

Deferred share units

DSUs granted pursuant to this Plan will be used as a means of reducing the cash payable by the Company in respect of director compensable amounts. In so doing, the interests of directors will become more closely aligned with those of the Company and its shareholders. As at May 31, 2023, no DSU's have been granted.

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10. Warrants

Warrants transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Outstanding, Feb 28, 2022	38,004,296	\$0.17
Issued	10,000,000	\$0.18
Exercised	(10,022,142)	\$0.16
Expired	(11,275,000)	\$0.15
Outstanding Feb 28, 2023	26,707,154	\$0.19
Issued	18,436,614	\$0.18
Expired	(16,707,154)	\$0.20
Outstanding May 31, 2023	28,436,614	\$0.18

During the year ended February 28, 2023, the Company issued a combined total of 10,022,142 common shares upon the exercise of warrants at a weighted average price of \$0.16 per share for total proceeds of \$1,584,657.

During the year ended February 28, 2023, a combined total of 11,275,000 warrants at a weighted average exercise price of \$0.15 per common share, expired unexercised.

On April 26, 2023, 16,707,154 warrants with an exercise price of \$0.20 per common share, expired unexercised.

As at May 31, 2023, the following warrants were outstanding:

Expiry Date	Outstanding	Exercise Price	Exercisable
October 18, 2023	10,000,000	\$ 0.18	10,000,000
March 20, 2025	18,436,614	\$ 0.18	18,436,614
	28,436,614		28,436,614

11. Related Party Transactions

During the three month period ended May 31, 2023, a total of \$4,750 (2022 – \$12,000) was paid or accrued for related party transactions with companies controlled by directors or officers of the Company for consulting fees. Amounts due to related parties as at May 31, 2023 of \$1,250 (February 28, 2023 – \$95,001) are for consulting fees and reimbursable expenses incurred on behalf of the Company and are non-interest bearing and due on demand.

The total of \$4,750 incurred for three month period ended May 31, 2023 (2022 - \$12,000) was paid or accrued to Berenvy Pty Ltd., a company controlled by the Chief Operating Officer and director of the Company for consulting fees.

12. Executive Compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel of the Company include executive officers and the board of directors.

The following compensation has been provided to key management personnel for the three month periods ended May 31, 2023 and 2022:

Three months ended May 31,	2023	2022
Compensation - cash	\$ 92,750	\$ 112,500
Share-based payments	85,904	75,836
Total	\$ 178,654	\$ 118,336

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13. Segmented Information

The Company's activities are all in the one industry segment of mineral property acquisition, exploration and development. The Company's net assets and net losses by geographic regions are as follows:

May 31, 2023	Canada	Chile	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$ 305,394	\$ 1,174	\$ 8,322	\$ 5,648	\$ 71,116	\$ 2,578	\$ 394,232
Amounts receivable and prepaids	32,979	3,349	5,846	761	1,532	1,642	46,109
Mineral properties	-	-	-	89,550	66,075	-	155,625
Total Assets	338,373	4,523	14,168	95,959	138,723	4,220	595,966
Total Liabilities	(253,836)	(84)	(5,520)	(7,081)	(44,408)	(2,187)	(313,116)
	\$ 84,537	\$ 4,439	\$ 8,648	\$ 88,878	\$ 94,315	\$ 2,033	\$ 282,850

Three Months ended May 31, 2023

Mineral property exploration expenditures	\$ -	\$ -	\$ -	\$ 59,378	\$ 626,687	\$ 6,644	\$ 692,709
Net loss	\$ 300,979	\$ 23,279	\$ 49,701	\$ 56,637	\$ 646,370	\$ 12,335	\$ 1,089,301

May 31, 2022	Canada	Chile	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$ 2,371,294	\$ 35,713	\$ 35,037	\$ 6,719	\$ 6,772	\$ 2,962	\$ 2,458,497
Amounts receivable and prepaids	33,311	4,904	6,463	986	3,405	1,215	50,284
Right-of-use asset	-	-	11,121	-	-	-	11,121
Mineral properties	-	7,017,680	-	89,550	66,075	-	7,173,305
Total Assets	2,404,605	7,058,297	52,621	97,255	76,252	4,177	9,693,207
Total Liabilities	(305,563)	(8,358)	(58,157)	(\$6,489)	(145,421)	(2,471)	(526,459)
	\$ 2,099,042	\$ 7,049,939	(\$5,536)	\$ 90,766	(\$69,169)	\$ 1,706	\$ 9,166,748

Three Months ended May 31, 2022

Mineral property exploration expenditures	\$ -	\$ 184,475	\$ 46,305	\$ 67,337	\$ 480,658	\$ 13,236	\$ 792,011
Net loss	\$ 257,392	\$ 200,036	\$ 140,630	\$ 66,760	\$ 493,983	\$ 16,943	\$ 1,175,744

14. Subsequent Events

On June 22, 2023, the Company announced a non-brokered private placement financing consisting of 20,000,000 units at a price of \$0.05 per unit for gross proceeds of up to \$1,000,000. Each unit will consist of one (1) common share and one (1) common share purchase warrant. Each warrant will entitle the holder thereof to purchase one (1) additional common share of the Company for a period of two years from the date of the close at an exercise price of \$0.15.