



**RUGBY MINING LIMITED**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended August 31, 2020 and 2019**  
**(Expressed in Canadian Dollars)**

**Unaudited – Prepared by Management**

## **RUGBY MINING LIMITED**

### **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

October 28, 2020

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

	Notes	August 31, 2020	February 29, 2020 (Audited)
<b>Assets</b>			
<b>Current</b>			
Cash and cash equivalents		\$ 686,596	\$ 443,897
Amounts receivable and prepaids		44,555	56,068
		<b>731,151</b>	<b>499,965</b>
<b>Mineral properties</b>	5	<b>66,075</b>	<b>66,075</b>
<b>Total assets</b>		<b>\$ 797,226</b>	<b>\$ 566,040</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		\$ 18,822	\$ 55,023
Due to related parties	10	444	7,933
<b>Total current liabilities</b>		<b>19,266</b>	<b>62,956</b>
<b>Long-term</b>			
Loan payable	4	<b>40,000</b>	-
<b>Total liabilities</b>		<b>59,266</b>	<b>62,956</b>
<b>Shareholders' Equity</b>			
Share capital	6	<b>24,328,079</b>	23,715,804
Contributed surplus		<b>6,564,517</b>	6,523,510
Deficit		<b>(30,058,079)</b>	(29,640,335)
Accumulated other comprehensive loss		<b>(96,557)</b>	(95,895)
<b>Total shareholders' equity</b>		<b>737,960</b>	<b>503,084</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 797,226</b>	<b>\$ 566,040</b>

**Nature of Operations and Going Concern** (Note 1)  
**Subsequent Events** (Note 13)

Approved on behalf of the Board:

*Robert Reynolds*  
..... Director

*Yale Simpson*  
..... Director

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
**(UNAUDITED)**

	Three Months ended August 31,		Six Months ended August 31,	
	2020	2019	2020	2019
<b>Income</b>				
Interest income	\$ 7	\$ 21	\$ 20	\$ 48
<b>Expenses</b>				
Accounting, audit and professional fees	43,712	26,376	74,465	64,885
Administrative (Note 7)	35,203	193,375	94,447	388,525
Bank charges	1,164	1,988	2,406	3,120
Directors' fees (Note 7)	7,026	13,493	15,272	17,848
Foreign exchange (gain)/loss	4,011	(389)	4,109	(120)
Insurance	9,301	8,281	18,544	16,296
Mineral property exploration expenditures (Note 7)	64,717	650,881	171,793	840,223
Shareholder communications	(1,182)	1,711	18,041	11,467
Stock exchange and filing fees	8,195	3,373	8,195	12,373
Transfer agent	1,996	953	2,528	2,011
Travel	7,441	3,368	7,964	10,159
	181,584	903,410	417,764	1,366,787
<b>Loss for the period</b>	181,577	903,389	417,744	1,366,739
<b>Other comprehensive loss</b>	688	13,763	662	20,091
<b>Comprehensive loss for the period</b>	\$ 182,265	\$ 917,152	\$ 418,406	\$ 1,386,830
<b>Basic &amp; diluted loss per common share from loss for the period</b>	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.02
<b>Weighted average number of common shares outstanding</b>	97,558,449	83,719,878	95,664,164	82,928,466

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<b>For the six months ended,</b>	<b>Notes</b>	<b>August 31, 2020</b>	<b>August 31, 2019</b>
<b>Operating Activities</b>			
Net loss for the period		\$ (417,744)	\$ (1,366,739)
Items not requiring an outlay of cash:			
Share-based payments	7	41,007	75,005
Shares issued for mineral property exploration expenditures	5 and 6	-	65,700
Changes in non-cash working capital:			
Amounts receivable and prepaids		11,513	(11,630)
Accounts payable and accrued liabilities		(36,201)	(8,329)
Due to related parties		(7,489)	(74,331)
<b>Cash outflows used in operating activities</b>		<b>(408,914)</b>	<b>(1,320,324)</b>
<b>Financing Activities</b>			
Loan payable	4	40,000	-
Shares issued for cash	6	625,600	1,140,900
Share issue costs	6	(13,325)	(11,410)
<b>Cash flows provided by financing activities</b>		<b>652,275</b>	<b>1,129,490</b>
<b>Effect of foreign exchange rate change on cash and cash equivalents</b>		<b>(662)</b>	<b>(20,091)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>242,699</b>	<b>(210,925)</b>
<b>Cash and cash equivalents - beginning of period</b>		<b>443,897</b>	<b>554,845</b>
<b>Cash and cash equivalents - end of period</b>		<b>\$ 686,596</b>	<b>\$ 343,920</b>

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

	Issued Share Capital		Contributed Surplus	Share subscriptions received in advance	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total Shareholders' Equity
	Number of Shares	Amount					
<b>Balance at February 28, 2019</b>	<b>76,766,547</b>	<b>\$ 21,576,365</b>	<b>\$ 6,290,141</b>	<b>\$ 45,000</b>	<b>\$ (27,375,859)</b>	<b>\$ (74,803)</b>	<b>\$ 460,844</b>
- Equity financing	6,588,331	1,185,900	-	(45,000)	-	-	1,140,900
- Shares issued for Mabuhay (Motherlode) property option	365,000	65,700	-	-	-	-	65,700
- Share issue costs	-	(11,410)	-	-	-	-	(11,410)
- Share-based payments recognized	-	-	75,005	-	-	-	75,005
- Other comprehensive loss	-	-	-	-	-	(20,091)	(20,091)
- Net loss for the period	-	-	-	-	(1,366,739)	-	(1,366,739)
<b>Balance at August 31, 2019</b>	<b>83,719,878</b>	<b>\$ 22,816,555</b>	<b>\$ 6,365,146</b>	<b>\$ -</b>	<b>\$ (28,742,598)</b>	<b>\$ (94,894)</b>	<b>\$ 344,209</b>
- Equity financing	10,050,000	1,005,000	-	-	-	-	1,005,000
- Residual value of warrants	-	(100,500)	100,500	-	-	-	-
- Share issue costs	-	(5,251)	-	-	-	-	(5,251)
- Share-based payments recognized	-	-	57,864	-	-	-	57,864
- Other comprehensive loss	-	-	-	-	-	(1,001)	(1,001)
- Net loss for the period	-	-	-	-	(897,737)	-	(897,737)
<b>Balance at February 29, 2020</b>	<b>93,769,878</b>	<b>\$ 23,715,804</b>	<b>\$ 6,523,510</b>	<b>\$ -</b>	<b>\$ (29,640,335)</b>	<b>\$ (95,895)</b>	<b>\$ 503,084</b>
- Equity financing	8,937,142	625,600	-	-	-	-	625,600
- Share issue costs	-	(13,325)	-	-	-	-	(13,325)
- Share-based payments recognized	-	-	41,007	-	-	-	41,007
- Other comprehensive loss	-	-	-	-	-	(662)	(662)
- Net loss for the period	-	-	-	-	(417,744)	-	(417,744)
<b>Balance at August 31, 2020</b>	<b>102,707,020</b>	<b>\$ 24,328,079</b>	<b>\$ 6,564,517</b>	<b>\$ -</b>	<b>\$ (30,058,079)</b>	<b>\$ (96,557)</b>	<b>\$ 737,960</b>

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2020 AND 2019**  
**(UNAUDITED)**

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**1. Nature of Operations and Going Concern**

Rugby Mining Limited (“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 Australia, Argentina, Colombia, and the Philippines.

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 (“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. Several adverse conditions and material uncertainties 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 5) and overhead requirements. The Company has incurred operating losses since inception. As at August 31, 2020, the Company had an accumulated deficit of \$30,058,079 (February 29, 2020 - \$29,640,335) and working capital of \$711,885 (February 29, 2020 - \$437,009). 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.

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 would be material.

The Company has its primary listing on the TSX Venture Exchange (the “TSX-V”). The Company’s head office is located at 810 - 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

*COVID-19*

In March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 has had a significant impact on businesses and people through the restrictions put in place by governments of most countries regarding travel, business operations, social distancing and quarantine orders. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company’s financial position cannot be reasonably estimated at this time. COVID-19 could adversely impact the Company’s ability to raise financing for exploration or operating costs due to uncertain capital markets, country risk factors, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.

**2. Basis of Preparation**

These Interim Financial Statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board applicable to the preparation of the interim financial statements, including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. 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 29, 2020.

These Interim Financial Statements were approved and authorized by the Audit Committee of the Board of Directors for issue on October 28, 2020.

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Significant Accounting Policies**

The details of Rugby's accounting policies are presented in Note 4 of its audited consolidated financial statements for the year ended February 29, 2020 and have been consistently followed in the preparation of these Interim Financial Statements.

**4. 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, 2022 will result in loan forgiveness of 25% (up to \$10,000).

**5. Mineral Properties – Acquisition and Exploration Costs**

**a) Acquisition Costs - Colombia Properties**

<i>Cost</i>	
As at March 1, 2019	\$ 66,075
<b>Balance as at February 29, 2020</b>	<b>\$ 66,075</b>
As at March 1, 2020	\$ 66,075
<b>Balance as at August 31, 2020</b>	<b>\$ 66,075</b>

**b) Exploration Costs**

The tables below show the Company's exploration and evaluation expenditures for the six month periods ended August 31, 2020 and 2019.

**Six Months Ended August 31, 2020**

	Generative & Other	El Zanjon	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$ 695	\$ -	\$ 4,977	\$ -	\$ 5,672
Drilling	-	-	-	-	-	-
Field camp	188	-	-	-	8,253	8,441
Geological*	2,606	9,793	3,466	13,173	35,297	64,335
Legal	-	-	3,455	3,046	-	6,501
Office operations	1,750	-	1,679	4,740	1,084	9,253
Tenement fees and option payments	722	15,000	-	-	-	15,722
Travel	-	-	-	5,094	3,660	8,754
Wages and benefits	77	-	9,960	29,880	13,198	53,115
<b>Exploration and evaluation costs</b>	<b>\$5,343</b>	<b>\$ 25,488</b>	<b>\$ 18,560</b>	<b>\$ 60,910</b>	<b>\$ 61,492</b>	<b>\$171,793</b>

\* Includes share based compensation

**Six Months Ended August 31, 2019**

	Generative & Other	Otway	El Zanjon	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$3,522	\$ -	\$ -	\$ -	\$ 34,106	\$37,628
Drilling	-	-	-	-	-	329,843	329,843
Field camp	-	5,005	-	540	117	93,863	99,525
Geological*	5,482	11,138	10,820	11,405	27,080	46,694	112,619
Legal	-	-	-	9,765	4,954	-	14,719
Office operations	-	209	-	4,307	12,921	641	18,078
Tenement fees and option payments	-	8,592	15,000	-	-	65,700	89,292
Travel	-	7,365	-	1,425	9,786	10,987	29,563
Wages and benefits	-	5,564	-	22,781	68,344	12,267	108,956
<b>Exploration and evaluation costs</b>	<b>\$5,482</b>	<b>\$41,395</b>	<b>\$25,820</b>	<b>\$50,223</b>	<b>\$123,202</b>	<b>\$594,101</b>	<b>\$840,223</b>

\* Includes share based compensation



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**5. Mineral Properties – Acquisition and Exploration Costs (Continued)**

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 July 2018, the Company received conditional approval of the Exploration Permit (“EP”) with final approval received in January 2019. In February 2019, Rugby and All-Acacia amended the terms of the option agreement such that payments pursuant to the option agreement can be settled with cash or shares at the Company’s election.

In order to maintain its option, the Company is required to make the following staged payments totaling US\$250,000 to All-Acacia over two years (see amendment below):

- (i) US\$50,000 by March 26, 2019 (paid by issuing 365,000 common shares valued at \$65,700);
- (ii) US\$100,000 by March 20, 2020 (see amendment below and Note 13); and
- (iii) US\$100,000 by March 20, 2021 (see amendment below and Note 13).

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;
- (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.

In the event that the Company exercises the Mabuhay Option, it will be required to make an additional US\$175,000 payment to All-Acacia within 30 days from the grant and registration with the appropriate Mines and Geosciences Bureau Regional Office of the appropriate mineral agreement (MPSA or Financial and Technical Assistance Agreement) on the property. 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.

**RUGBY MINING LIMITED**  
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**5. Mineral Properties – Acquisition and Exploration Costs (Continued)**

Prior to March 20, 2020, the Company and All-Acacia negotiated a further amendment to the option agreement (the “Second Amendment to the Mabuhay Agreement”) which modifies the quantum and timing of the next staged payments. Proposed modifications split staged payment (ii) into 2 payments of US\$50,000 each payable upon signature of the amendment and by March 20, 2021 respectively and staged payment (iii) into 2 payments of US\$50,000 each payable by March 20, 2022 and 2023 respectively. Rugby will pay All-Acacia in either Rugby shares (subject to TSX-V approval) or in cash, subject to All Acacia’s right to elect to receive up to US\$25,000 in cash. Due to the COVID-19 situation in the Philippines, the amendment was finalized in September 2020 (see Note 13).

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 \$37,000 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.

Cobrasco Copper Project, Colombia

The Cobrasco concession, which is subject to a 1% net smelter royalty (“NSR”), was acquired in April 2013. In November 2017 the Company filed an application for Forestry Extraction as part of the process to allow drilling. Additional information was submitted in August 2018 at the request of the authorities. However, on April 29, 2019, Rugby announced that its drilling permit application for the Cobrasco project had been denied by the Forestry Department, a division within the Colombian Ministry of the Environment. As a result of the permit application denial, the Company wrote-down the project to \$nil and recorded an impairment expense of \$87,241 for the year ended February 28, 2019.

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 within the Deseado Massif gold and silver district.

Pursuant to the terms of the option agreement, the Company paid \$15,000 on July 26, 2019 and \$15,000 on July 10, 2020 and will be required to make further annual tenure payments totaling \$15,000 each. The vendors will retain a 2% NSR. In order to earn 100% of El Zanjon, Rugby will have the option to incur staged exploration expenditures totaling \$3.65 million over 6 years including completing studies to pre-feasibility standards:

- (i) \$100,000 by January 17, 2021 (Stage 1);
- (ii) \$250,000 by January 17, 2022 (Stage 2);
- (iii) \$500,000 by January 17, 2023 (Stage 3);
- (iv) \$800,000 by January 17, 2024 (Stage 4); and
- (v) \$2,000,000 by July 17, 2025 (Stage 5).

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. Mineral Properties – Acquisition and Exploration Costs (Continued)**

The Otway Project, Australia

On June 1, 2016, Rugby announced that it had acquired a 100% interest in the Otway project, for a nominal cash consideration plus a 2% NSR. The Otway project, which covers prospective areas for copper and gold mineralization in the northwest of Western Australia, comprises two contiguous exploration licences covering 134 square kilometres.

On May 28, 2020, the Company announced the signing of an Option Agreement (“Agreement”) with Calidus Resources Limited (“Calidus”) under which Calidus can earn an interest of up to 70% in the Otway project. Highlights of the Agreement:

- Within 12 months of the Agreement, Calidus will spend A\$200,000, including 1,200 metres (“m”) of drilling;
- Within 30 months of the Agreement, Calidus has the option to spend a further A\$500,000, including a minimum 3,000 m of drilling to earn 50%; and
- Within 48 months of the Agreement, Calidus has the option to spend an additional A\$500,000, including a further 3,000 m of drilling and issue A\$250,000 worth of Calidus shares to the Company at the completion of the spend using a 10-day Volume Weighted Average Price to earn a 70% interest in Otway.

**6. Share Capital**

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

On March 15, 2019, the Company completed a non-brokered private placement financing consisting of 6,588,331 units (the “Units”) at a price of \$0.18 per Unit for gross proceeds of \$1,185,900 (of this amount, \$45,000 were received in advance and reclassified to share capital upon closing of the financing). Each Unit consisted of one (1) common share and one half (0.5) common share purchase warrant (a “Half Warrant”). Each full warrant (two (2) Half Warrants together) entitled the holder thereof to purchase one (1) additional common share of the Company at an exercise price of \$0.30 until March 20, 2020. The residual value of the warrants associated with the unit offering was \$nil. The Company paid \$11,411 as finder’s fees in connection with the financing which was charged to share capital.

On March 26, 2019, pursuant to the Amended Mabuhay Agreement, the Company issued 365,000 common shares at \$0.18 per share to settle the initial payment of US\$50,000 (\$65,700, see Note 5).

On October 29, 2019, the Company completed a non-brokered private placement financing consisting of 10,050,000 units (the “Units”) at a price of \$0.10 per Unit for gross proceeds of \$1,005,000. Each Unit consisted of one (1) common share and one (1) common share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one (1) additional common share of the Company at an exercise price of \$0.17 until October 30, 2021, provided that the closing price of the Company’s common shares on the TSX-V is \$0.25 or greater during any 10 consecutive trading day period the Warrants will expire at 4.00 p.m. (Vancouver time) on the 30<sup>th</sup> day after the date on which the Company provides notice of such accelerated expiry to warrant-holders and the warrant-holders will have no further rights to acquire any common shares of the Company under the Warrant. The residual value of the warrants associated with the unit offering was \$100,500. The Company paid \$5,250 as finder’s fees in connection with the financing which was charged to share capital.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**6. Share Capital (Continued)**

On July 22, 2020, the Company completed a non-brokered private placement financing consisting of 8,937,142 units (the “Units”) at a price of \$0.07 per Unit for gross proceeds of \$625,600. Each Unit consisted of one (1) common share and one (1) common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder thereof to purchase one (1) additional common share of the Company for a period of two (2) years from the date of the close at an exercise price of \$0.12, provided that if at any time following the date that is four months from the closing date of the offering, that the closing price of the Company’s common shares on the TSX Venture Exchange is \$0.25 or greater per common share during any 10 consecutive trading day period the Warrants will expire at 4.00 p.m. (Vancouver time) on the 30th day after the date on which the Company provides notice of such accelerated expiry to warrant-holders, and the warrant-holders will have no further rights to acquire any common shares of the Company under the Warrant. The residual value of the warrants associated with the unit offering was \$nil. The Company paid \$13,325 as finder’s fees in connection with the financing which was charged to share capital.

**7. Stock Option Plan**

The Company has adopted an incentive stock option plan (the “Plan”), the essential elements of which are as follows: The aggregate number of shares of the Company’s capital stock issuable pursuant to options granted under the Plan, which was approved by shareholders on November 28, 2019, may not exceed 20% of the total number of issued and outstanding shares of the Company on a non-diluted basis. At August 31, 2020 the maximum number of options issuable under the Plan was 16,743,975. 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 generally exercisable immediately following the grant however certain options 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 six month period ended August 31, 2020 and the year ended February 29, 2020:

	August 31, 2020		February 29, 2020	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	11,650,000	\$0.15	10,900,000	\$0.15
Granted	-	-	1,275,000	0.14
Cancelled	(125,000)	0.33	(400,000)	0.15
Forfeited	-	-	(125,000)	0.27
Options outstanding, end of period	11,525,000*	\$0.15	11,650,000	\$0.15

\* See Note 13 for options exercised and expired subsequently.

There were nil (2019 – nil) options exercised during the period.

The weighted average fair value at the measurement date of the 1,275,000 options granted by the Company during the year ended Feb 29, 2020 was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Feb 29, 2020
Expected annual volatility	119.1%-122.1%
Risk-free interest rate	1.47%
Expected life	5 years
Expected dividend yield	0%

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**7. Stock Option Plan (Continued)**

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2020:

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
0.01 - 0.09	1,720,000	0.34	\$ 0.08	1,120,000	0.32	\$ 0.08
0.10 - 0.24	7,365,000	2.46	0.11	5,615,000	2.47	0.11
0.25 - 0.50	2,440,000	1.26	0.33	2,090,000	1.35	0.33
	11,525,000	1.89	\$ 0.15	8,825,000	1.93	\$ 0.16

Share-based compensation recognized on options vesting during the six month periods ended August 31, 2020 and 2019 has been allocated to contributed surplus as follows:

	Three months ended		Six months ended	
	August 31,		August 31,	
	2020	2019	2020	2019
Administrative	\$3,676	\$13,115	\$8,124	\$27,672
Directors' fees	7,027	13,493	15,272	17,848
Mineral property exploration expenditures	8,034	18,122	17,611	29,485
Total	\$18,737	\$44,730	\$41,007	\$75,005

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

On November 29, 2018, the Company's disinterested shareholders approved the adoption of a 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 maximum number of shares made available for issuance from treasury under the RSU/DSU Plan, subject to certain adjustments described in the RSU/DSU Plan, shall not exceed 1,151,000 shares, provided, however, that the number of shares reserved for issuance from treasury under the RSU/DSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed 20% of the number of shares then issued and outstanding.

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.

As at August 31, 2020, no RSU's have been granted.

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 August 31, 2020, no DSU's have been granted.

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**9. Warrants**

No warrants were exercised during the quarter ended August 31, 2020 (August 31, 2019 - nil).

On March 20, 2020, 3,294,165 warrants, exercisable to acquire a common share of the Company at a price of \$0.30 per common share, expired unexercised.

On May 22, 2020, 6,017,785 and 252,929 warrants, exercisable to acquire a common share of the Company at a price of \$0.36 and \$0.50 respectively, expired unexercised.

At August 31, 2020, the Company had an aggregate of 21,074,642 outstanding warrants (February 29, 2020 – 21,702,379) to acquire common shares as follows:

Outstanding	Exercisable	Exercise Price	Expiry Date
2,087,500	2,087,500	\$ 0.14	October 15, 2020*
10,050,000	10,050,000	\$ 0.17	October 30, 2021
8,937,142	8,937,142	\$ 0.12	July 23, 2022
<b>21,074,642</b>	<b>21,074,642</b>		

\*See Note 13 for warrants that expired subsequently.

**10. Related Party Transactions**

During the six month period ended August 31, 2020, a total of \$12,696 (2019 – \$112,575) was paid or accrued for related party transactions with companies controlled by directors or officers of the Company for mineral property exploration costs, administrative support fees, rent and consulting fees. Amounts due to related parties as at August 31, 2020 of \$444 (February 29, 2020 – \$7,933) are for reimbursable expenses incurred on behalf of the Company and are non-interest bearing and due on demand.

The total of \$12,696 incurred for the six month period ended August 31, 2020 was paid or accrued as follows: \$nil (2019 - \$30,000) to Rowen Company Ltd., a company controlled by the President and CEO of the Company for consulting fees, \$nil (2019 – \$62,496) to Berenvy Pty Ltd., a company controlled by the COO for consulting fees, and \$12,696 (2019 - \$20,079) to Rogo Investments Pty Ltd., a company controlled by a director of the Company for office rental fees.

**11. 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 and six month periods ended August 31, 2020 and 2019:

	Three months ended August 31,		Six months ended August 31,	
	2020	2019	2020	2019
Compensation - cash	\$ 2,000	\$ 106,248	\$ 22,000	\$ 212,496
Share-based payments	8,680	18,850	18,866	28,648
<b>Total</b>	<b>\$ 10,680</b>	<b>\$ 125,098</b>	<b>\$ 40,866</b>	<b>\$ 241,144</b>

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**12. 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:

<b>August 31, 2020</b>	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$636,011	\$ 18,684	\$ -	\$ 25,444	\$ 6,457	\$ 686,596
Amounts receivable and prepaids	33,383	5,642	-	4,455	1,075	44,555
Mineral properties	-	-	-	66,075	-	66,075
Total Assets	669,394	24,326	-	95,974	7,532	797,226
Current Liabilities	(4,873)	(444)	-	(13,954)	5	(19,266)
	\$664,521	\$23,882	\$ -	\$ 82,020	\$7,537	\$ 777,960

**Six months ended August 31, 2020**

Mineral property exploration expenditures	\$ 2,606	\$ 2,737	\$ 25,488	\$ 79,471	\$61,491	\$171,793
Net loss	\$ 177,140	\$ 16,424	\$ 25,488	\$120,252	\$78,440	\$417,744

<b>August 31, 2019</b>	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$285,753	\$ 9,701	\$ -	\$ 40,649	\$ 7,817	\$ 343,920
Amounts receivable and prepaids	33,223	2,365	-	14,625	508	50,721
Mineral properties	-	-	-	66,075	-	66,075
Total Assets	318,976	12,066	-	121,349	8,325	460,716
Current Liabilities	(61,620)	(24,532)	-	(22,799)	(7,556)	(116,507)
	\$257,356	\$(12,466)	\$ -	\$ 98,550	\$ 769	\$ 344,209

**Six Months Ended August 31, 2019**

Mineral property exploration expenditures	\$ 5,482	\$ 41,395	\$25,820	\$173,425	\$594,101	\$ 840,223
Net loss	\$380,355	\$139,231	\$25,820	\$211,398	\$609,935	\$1,366,739

**13. Subsequent Events**

*Motherlode*

In September 2020, pursuant to the Second Amendment to the Mabuhay Agreement, the Company issued 253,326 common shares at a deemed price of \$0.13 per share valued at US\$25,000 and paid US\$25,000 in cash to settle staged payment (ii) (see Note 5).

*Warrants*

On October 15, 2020, 2,087,500 warrants at an exercise price of \$0.14 expired unexercised.

*Stock Options*

On October 8, 2020, through an exercise of options, the Company issued 200,000 common shares at an exercise price of \$0.10 per share and 300,000 common shares at a price of \$0.08 per share for total proceeds of \$44,000. Additionally, on October 22, 2020, through an exercise of options, the Company issued 100,000 common shares at an exercise price of \$0.10 per share for total proceeds of \$10,000.

On October 23, 2020, 1,405,000 options at an exercise price of \$0.10 per share expired unexercised.