



RUGBY RESOURCES LTD.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended Aug 31, 2022 and 2021
(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

October 28, 2022

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

			August 31, 2022		February 28, 2022
Assets					
Current					
	Cash and cash equivalents	\$	1,470,551	\$	2,122,769
	Accounts receivable and prepaids		96,699		68,625
Total current assets			1,567,250		2,191,394
Non-Current					
	Right-of-use asset	5	\$ 4,404	\$	18,039
	Mineral properties	4	6,940,069		7,454,326
Total assets			\$ 8,511,723	\$	9,663,759
Liabilities					
Current					
	Accounts payable and accrued liabilities		\$ 413,235	\$	295,293
	Due to related parties	11	60,716		139,507
	Loans payable	6	130,806		66,488
	Lease liability	5	4,588		18,582
Total current liabilities			609,345		519,870
Non-Current					
	Loan payable	6	40,000		40,000
Total liabilities			649,345		559,870
Shareholders' Equity					
	Share capital	7	36,921,254		35,149,347
	Contributed surplus		7,299,973		7,231,982
	Deficit		(36,013,742)		(33,439,453)
	Accumulated other comprehensive income/(loss)		(345,107)		162,013
Total shareholders' equity			7,862,378		9,103,889
Total liabilities and shareholders' equity			\$ 8,511,723	\$	9,663,759

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

Approved on behalf of the Board:

"Robert Reynolds"
..... Director

"Merfyn Roberts"
..... Director

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

		Three Months ended		Six Months ended	
	Notes	August 31,		August 31,	
		2022	2021	2022	2021
Expenses					
Accounting, audit and professional fees		48,849	18,170	93,229	56,127
Administrative	8	257,521	113,738	467,736	231,586
Bank charges		2,826	1,150	5,639	2,474
Depreciation of right-of-use-assets	5	6,582	6,820	13,369	13,864
Directors' fees	8	48,827	31,155	103,245	75,129
Foreign exchange (gain)/loss		(5,058)	(454)	(984)	(832)
Insurance		12,307	12,797	23,582	22,386
Interest on lease liability	5	102	415	286	921
Mineral property exploration expenditures	4 & 8	984,784	82,984	1,776,795	256,671
Shareholder communications		9,914	8,732	22,316	15,879
Stock exchange and filing fees		3,747	3,315	4,169	7,230
Transfer agent		2,042	1,163	5,766	2,253
Travel		26,102	15,522	59,141	18,916
		1,398,545	295,507	2,574,289	702,604
Income					
Interest income		\$ -	\$ 4	\$ -	\$ 6
Net loss for the period		1,398,545	295,503	2,574,289	702,598
Other comprehensive loss (income)					
Foreign currency translation adjustment on:					
Mineral properties	4	233,236	-	514,257	-
Other		(11,870)	1,975	(7,137)	7,009
Comprehensive loss for the period		\$ 1,619,911	\$ 297,478	\$ 3,081,409	\$ 709,607
Basic & diluted loss per common share from loss for the period					
		\$ 0.007	\$ 0.003	\$ 0.013	\$ 0.007
Weighted average number of common shares outstanding					
		202,102,082	109,010,346	197,617,114	108,501,922

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

For the six months ended,	Notes	August 31, 2022	August 31, 2021
Operating Activities			
Net loss for the period		\$ (2,574,289)	\$ (702,598)
Items not requiring an outlay of cash:			
Depreciation of right-of-use-assets	5	13,369	13,864
Foreign exchange		(984)	(832)
Interest expense on lease liability	5	286	921
Share based payments	8	225,241	142,102
		(2,336,377)	(546,543)
Changes in non-cash working capital:			
Accounts receivable and prepaids		(28,074)	(12,974)
Accounts payable and accrued liabilities		117,942	58,800
Due to related parties		(78,791)	11,424
Cash outflows from operating activities		(2,325,300)	(489,293)
Investing Activities			
Deferred acquisition costs		-	(98,900)
Cash outflows used in investing activities		-	(98,900)
Financing Activities			
Lease liability payments	5	(14,005)	(14,524)
Loan proceeds	6	64,318	-
Shares issued for cash (private placement)	7	-	533,000
Share issue costs	7	-	(6,250)
Exercise of options	7	30,000	-
Exercise of warrants	7	1,584,657	-
Cash flows from financing activities		1,664,970	512,226
Effect of foreign exchange rate change on cash		8,112	(6,205)
Net decrease in cash and cash equivalents		(652,218)	(82,172)
Cash and cash equivalents - beginning of period		2,122,769	306,924
Cash and cash equivalents - end of period		\$ 1,470,551	\$ 224,752

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

	Issued Share Capital		Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number of Shares	Amount				
Balance at February 28, 2021	103,560,346	\$ 24,451,430	\$ 6,672,774	\$ (30,732,301)	\$ (97,855)	\$ 294,048
- Equity Financing – March 16, 2021	5,150,000	515,000	-	-	-	515,000
- Share issue costs	-	(6,250)	-	-	-	(6,250)
- Options exercised	300,000	18,000	-	-	-	18,000
- Contributed surplus allocated on exercise of options	-	15,208	(15,208)	-	-	-
- Share-based payments recognized	-	-	142,102	-	-	142,102
- Other comprehensive loss	-	-	-	-	(7,009)	(7,009)
- Net loss for the period	-	-	-	(702,598)	-	(702,598)
Balance at August 31, 2021	109,010,346	\$ 24,993,388	\$ 6,799,668	\$ (31,434,899)	\$ (104,864)	\$ 253,293
- Equity Financing – October 27, 2021	33,414,312	4,009,717	-	-	-	4,009,717
- Share issue costs	-	(198,998)	-	-	-	(198,998)
- Consideration shares – Acquisition of Proximo Resources (Note 4)	50,000,000	6,250,000	-	-	-	6,250,000
- Fair value of 3,500,000 options – Acquisition of Proximo Resources (Note 4)	-	-	298,619	-	-	298,619
- Shares issued for Mabuhay (Motherlode) property option	302,095	63,440	-	-	-	63,440
- Warrants exercised	265,000	31,800	-	-	-	31,800
- Share-based payments recognized	-	-	133,695	-	-	133,695
- Other comprehensive income	-	-	-	-	266,877	266,877
- Net loss for the period	-	-	-	(2,004,554)	-	(2,004,554)
Balance at February 28, 2022	192,991,753	\$ 35,149,347	\$ 7,231,982	\$ (33,439,453)	\$ 162,013	\$ 9,103,889
- Warrants exercised	10,022,142	1,584,657	-	-	-	1,584,657
- 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)	-	-	-
- Share-based payments recognized	-	-	225,241	-	-	225,241
- Other comprehensive loss	-	-	-	-	(507,120)	(507,120)
- Net loss for the period	-	-	-	(2,574,289)	-	(2,574,289)
Balance at August 31, 2022	203,313,895	\$ 36,921,254	\$ 7,299,973	\$ (36,013,742)	\$ (345,107)	\$ 7,862,378

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2022 AND 2021
(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 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 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 August 31, 2022, the Company had an accumulated deficit of \$36,013,742 (February 28, 2022 - \$33,439,453) and working capital of \$957,905 (February 28, 2022 - \$1,671,524). For the period ended August 31, 2022, the Company had a net loss of \$2,574,289 (2021 - \$702,598) and a cash outflow from operations of \$2,325,300 (2021 - \$489,293). 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 could be material.

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. Management continues to actively monitor the potential effects of the COVID-19 pandemic which 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.

Russia-Ukraine conflict

In February 2022, Russia commenced a military invasion of Ukraine which generated a response in the form of strict economic sanctions from multiple countries and corporations around the world, including Canada. Although the Company does not have operations in Russia or Ukraine, the global impact of this conflict in commodity prices, foreign currency exchange rates, supply chain challenges and increased fuel prices may have adverse impacts on our costs of doing business.

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2022 AND 2021
(UNAUDITED)

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”. 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, 2022, 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, 2022.

These Interim Financial Statements were approved and authorized by the Audit Committee of the Board of Directors for issue on October 28, 2022.

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, 2022.

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 March 1, 2021:	\$ 66,075	\$ -	\$ -	\$ -	\$ 66,075
Additions (Proximo Resources):	-	7,015,296	89,550	30,269	7,135,115
Impairment:	-	-	-	(30,269)	(30,269)
Translation adjustment:	-	283,405	-	-	283,405
Balance as at February 28, 2022:	\$ 66,075	\$7,298,701	\$89,550	\$ -	\$7,454,326
As at March 1, 2022:	\$ 66,075	\$ 7,298,701	\$ 89,550	\$ -	\$7,454,326
Translation adjustment:	-	(514,257)	-	-	(514,257)
Balance as at August 31, 2022:	\$ 66,075	\$6,784,444	\$89,550	\$ -	\$6,940,069

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 controls silver and gold projects in Chile and Argentina, including the drill ready Salvadora silver-copper-gold project (“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.

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2022 AND 2021
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4. Mineral Properties – Acquisition and Exploration Costs (Continued)

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

b) Exploration Costs

The tables below show the Company's exploration and evaluation expenditures for the six month periods ended August 31, 2022 and 2021.

Six Months Ended August 31, 2022								
	Generative & Others	Salvadora	El Zanjon	Venidero	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$ 12,741	\$ 21,099	\$ -	\$ 7,232	\$ -	\$ -	\$ 41,072
Drilling	-	-	-	-	174,057	-	-	174,057
Environmental	1,942	-	-	-	10,746	-	-	12,688
Field camp	-	80,087	1,697	-	517,843	-	8,216	607,843
Geological and geophysics*	-	69,934	23,637	-	188,494	7,917	1,665	291,647
IVA	-	35,011	12,513	-	-	-	-	47,524
Legal & title	16,369	8,655	-	17,528	16,560	19,477	-	78,589
Office operations	-	-	-	-	8,827	-	135	8,962
Tenement fees, access and option payments	40,380	41,914	15,000	1,110	78,483	-	-	176,887
Travel	-	-	21,550	-	69,259	-	4,366	95,175
Wages and benefits	-	21,852	-	-	173,738	41,914	4,847	242,351
Exploration and evaluation costs	\$ 58,691	\$ 270,194	\$ 95,496	\$ 18,638	\$ 1,245,239	\$ 69,308	\$ 19,229	\$ 1,776,795

* Includes share based compensation, see Note 8.

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2022 AND 2021
(UNAUDITED)

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

Six Months Ended August 31, 2021							
	Generative & Other	Georgetown	El Zanjón	Cobrasco	Colombia		Total
					Gold	Motherlode	
Assays	\$ -	\$ -	\$ 31,598	\$ -	\$ -	\$ -	\$ 31,598
Environmental	-	-	12,766	-	-	-	12,766
Field camp	-	-	8,105	-	-	10,879	18,984
Geological*	714	-	58,349	3,162	11,075	1,519	74,819
Legal	-	-	-	2,213	2,014	311	4,538
Office operations	-	-	-	2,056	3,894	345	6,295
Tenement fees and option payments	-	35,873	15,000	-	-	-	50,873
Travel	-	-	-	1,091	3,168	2,298	6,557
Wages and benefits	-	-	-	11,083	33,249	5,909	50,241
Exploration and evaluation costs	\$ 714	\$ 35,873	\$125,818	\$19,605	\$53,400	\$21,261	\$256,671

* 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 Zanjón 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 Zanjón Gold and Silver Project (“El Zanjón”) 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. In order to earn 100% of El Zanjón, Rugby has the option to incur staged exploration expenditures totaling \$3.65 million over 6 years including completing studies to pre-feasibility standards as follows:

- (i) \$100,000 by January 17, 2021 (Stage 1) (incurred);
- (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).

* On September 23, 2021, Rugby and the vendors agreed to add any shortfall in exploration expenditures related to stage (ii) to stage (iii) with no changes to the option agreement which continues in good standing.

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

The undrilled Salvador Silver-Copper-Gold Project (“Salvadora”) is located 2.5 hours drive by sealed all weather road from the Coquimbo deep water port and La Serena capital airport at the southern end of the El Indio gold belt in the Coquimbo region of Chile.

The Salvador Option Agreement

Salvadora is comprised of 35 individual exploration and mining concessions covering an aggregate area of 6,924 hectares (“ha”) held pursuant to 2 option agreements whereby the Company can acquire 100% of the concessions.

The first option agreement, dated May 2021, comprises 30 exploration and mining concessions and provides for escalating annual payments totalling US\$900,000 and in-ground expenditures of US\$8,100,000 contingent on success.

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2022 AND 2021
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4. Mineral Properties – Acquisition and Exploration Costs (Continued)

During May 2022, the Company negotiated with the vendor an amendment to the first option agreement which modified the timing and quantum of annual payments. Pursuant to the amendment to the first option agreement and in order to maintain its option, the Company is required to make the following staged payments to the vendor:

Annual payments:

- (i) US\$45,000 by July 19, 2021 (paid);
- (ii) US\$9,000 upon signing of the amended option agreement (paid on June 17, 2022);
- (iii) US\$41,000 by December 30, 2022;
- (iv) US\$40,000 by May 22, 2023;
- (v) US\$135,000 by May 19, 2024;
- (vi) US\$225,000 by May 19, 2025; and
- (vii) US\$405,000 by May 19, 2026.

Expenditures:

- (i) US\$405,000 by May 19, 2022 (incurred);
- (ii) US\$810,000 by May 19, 2023;
- (iii) US\$1,215,000 by May 19, 2024;
- (iv) US\$2,025,000 by May 19, 2025; and
- (v) US\$3,645,000 by May 19, 2026.

A final payment, less the US\$900,000 paid, is payable based on resources established ranging from US\$3.27 per gold equivalent ounce for inferred resources to US\$79.00 per gold equivalent ounce for proven reserves.

The second option agreement, dated June 2021, comprises 5 exploration and mining concessions and requires escalating annual payments totalling US\$555,000.

During May 2022, the Company negotiated with the vendor an amendment to the second option agreement which modified the timing and quantum of annual payments. Pursuant to the amendment to the second option agreement and in order to maintain its option, the Company is required to make the following staged payments to the vendor:

- (i) US\$40,000 by July 7, 2021 (paid)
- (ii) US\$13,000 upon signing of the amended option agreement (paid on June 8, 2022);
- (iii) US\$52,000 by June 7, 2023*;
- (iv) US\$100,000 by June 7, 2024*;
- (v) US\$100,000 by June 7, 2025*; and
- (vi) US\$250,000 by June 7, 2026*.

There are no expenditure commitments and the vendor will retain a 1% net smelter royalty (“NSR”) which can be purchased for US\$5,000,000.

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.

RUGBY RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. Mineral Properties – Acquisition and Exploration Costs (Continued)

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:

- (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). Due to COVID-19 restrictions in the Philippines, the amendment has not been formally finalized yet.

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.

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

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 \$32,000 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

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 is 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, the Company decided to write-down the project to \$nil and recorded an impairment expense of \$30,269 for the year ended February 28, 2022.

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. On May 28, 2020, the Company announced the signing of an Option Agreement (“Agreement”) with Calidus Resources Limited (“Calidus”) under which Calidus could have earned an interest of up to 70% in the Otway project. Calidus subsequently withdrew from the Agreement in November 2021. On June 19, 2022, the Company relinquished the Otway project to maintain focus on its South American projects.

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. Highlights of the HOA:

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

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. The optional earn-in spend rate for first a 50% interest then an 80% interest is as follows:

- Year 1 – A\$200,000
- Year 2 – A\$250,000
- Year 3 – A\$300,000
- Year 4 – A\$500,000
- Year 5 – A\$600,000

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 is being amortized on a straight-line basis until the end of the lease term in November 2022. The lease payments were discounted using a discount rate of 4.5% per annum which represents the Company’s incremental borrowing rate. The continuity of the ROU asset and lease liability for the six month period ended August 31, 2022 is as follows:

Right-of-use assets	
Value of ROU asset as at March 1, 2022	\$ 18,039
Depreciation	(13,369)
Foreign exchange	(266)
Value of ROU asset as at August 31, 2022	<u>\$ 4,404</u>
Lease liability	
Value of lease liability as at March 1, 2022	\$ 18,582
Interest on lease liability	286
Lease payments	(14,005)
Foreign exchange	(275)
Lease liability as at August 31, 2022	<u>\$ 4,588</u>
Current portion	\$ 4,588
Non-current portion	-
	<u>\$ 4,588</u>

The future minimum lease payments as of August 31, 2022 were as follows:

Year ending February 28, 2023	\$ 4,615
Less: interest payments	(26)
Foreign exchange	(1)
Present value of minimum lease payments	<u>\$ 4,588</u>

6. Loans 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).

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6. Loans Payable (Continued)

During the year ended February 28, 2022, the Company received a loan from an employee for the amount of approximately \$66,488 and during the six month period ended August 31, 2022 received additional interest-free loans from employees amounting to \$64,318 for a combined total of \$130,806. These loans are interest-free and payable by December 31, 2022.

7. Share Capital

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

Issuances - period ended August 2022

During the six month period ended August 31, 2022, 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.

On June 1, 2022, through an exercise of options, the Company issued 300,000 common shares at a price of \$0.10 per share for total proceeds of \$30,000.

See Note 14 for subsequent issuances.

Issuances - period ended August 2021

On March 16, 2021, the Company completed a non-brokered private placement financing consisting of 5,150,000 units at a price of \$0.10 per unit for gross proceeds of \$515,000. Each unit consisted of one (1) common share and one half (0.5) common share purchase 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 \$0.20 until March 17, 2022 (the term was subsequently extended to June 17, 2022, see Note 10). The Company paid \$6,250 as finder's fees in connection with the financing which was charged to share capital.

During the month of March 2021, the Company issued 300,000 common shares upon the exercise of options at a price of \$0.06 per share for total proceeds of \$18,000.

8. Stock Option Plan

At the Company's Annual General Meeting held on December 9, 2021, the shareholders of the Company approved the conversion of the Company's stock option plan (the "Option Plan") from a "fixed plan" to a "rolling 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 six month period ended August 31, 2022 and the year ended February 28, 2022:

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8. Stock Option Plan (Continued)

	August 31, 2022		February 28, 2022	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	17,275,000	\$0.13	11,250,000	\$0.11
Granted	500,000	0.15	6,825,000 [^]	0.16
Exercised	(300,000)	0.10	(300,000)	0.06
Cancelled	-	-	(400,000)	0.17
Forfeited	(1,525,000)	0.11	-	-
Expired	-	-	(100,000)	0.30
Options outstanding, end of period	15,950,000	\$0.13	17,275,000	\$0.13

[^] Includes 3,500,000 options granted in connection with the acquisition of Proximo (see Note 4).

See Note 14 for options granted subsequently.

The weighted average fair value at the measurement date of the 500,000 options granted by the Company during the six month period ended August 31, 2022 (6,825,000 options granted during the year ended February 28, 2022) was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	August 31, 2022	February 28, 2022
Expected annual volatility	108.60%	86.5%-95.2%
Risk-free interest rate	3.56%	1.22%-1.81%
Expected life	5 years	5 years
Expected dividend yield	0%	0%

During the six month period ended August 31, 2022, there were 300,000 options exercised (February 28, 2022 - 300,000) at a weighted average price of \$0.10 per share (February 28, 2022 - \$0.06) and the weighted average trading price at the time of exercise was \$0.145 (February 28, 2022 - \$0.09).

There were 400,000 options voluntarily surrendered by option holders during the year ended February 28, 2022 and the Company accounted for these as cancellations whereby the unvested balance of the original fair value was immediately expensed in the amount of \$1,329.

During the six month period ended August 31, 2022, 1,525,000 options with a weighted average exercise price of \$0.11 were forfeited and the Company accounted for these as cancellations whereby the unvested balance of the original fair value was immediately expensed in the amount of \$13,928.

Additionally, during the year ended February 28, 2022, 100,000 options with an exercise price of \$0.30 per share, expired unexercised.

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2022:

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	12,525,000	2.65	\$ 0.11	11,625,000	2.58	\$ 0.10
0.17 - 0.22	3,425,000	4.30	\$ 0.20	1,575,000	4.09	\$ 0.20
	15,950,000	3.01	\$ 0.13	13,200,000	2.76	\$ 0.12

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8. Stock Option Plan (Continued)

Share-based compensation recognized on options vesting during the three and six month periods ended August 31, 2022 and 2021 has been allocated to contributed surplus and expensed as follows:

	Three months ended August 31,		Six months ended August 31,	
	2022	2021	2022	2021
Administrative	\$36,725	\$25,794	\$82,488	\$61,772
Directors' fees	48,828	31,155	103,245	75,129
Mineral property exploration expenditures	28,131	2,688	39,508	5,201
Total	\$113,684	\$59,637	\$225,241	\$142,102

9. 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 10% 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, 2022, no RSU's have been granted.

See Note 14 for RSUs granted subsequently.

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, 2022, no DSU's have been granted.

10. Warrants

Warrants transactions are summarized as follows:

	Outstanding Warrants	Weighted Average Exercise Price
Outstanding, Mar 1, 2021	18,987,142	\$0.15
Issued	19,282,154	\$0.20
Exercised	(265,000)	\$0.12
Outstanding Feb 28, 2022	38,004,296	\$0.17
Exercised	(10,022,142)	\$0.16
Expired	(6,225,000)	\$0.13
Outstanding August 31, 2022	21,757,154	\$0.19

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10. Warrants (Continued)

During the year ended February 28, 2022, upon the exercise of warrants at a price of \$0.12 per share, the Company issued 265,000 common shares for total proceeds of \$31,800.

In October 2021 the Company extended the expiry date of 10,050,000 warrants with an exercise price of \$0.17 per share and original expiry date of October 30, 2021 to expire on October 30, 2022, subject to an acceleration clause.

In February 2022 the Company extended the expiry date of 2,575,000 warrants with an exercise price of \$0.20 per share and original expiry date of March 17, 2022 to expire on June 17, 2022. All other terms and conditions of the warrants remained unchanged.

During the six month period ended August 31, 2022, 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 six month period ended August 31, 2022, a combined total of 6,225,000 warrants at a weighted average exercise price of \$0.13 per common share, expired unexercised.

As at August 31, 2022, the following warrants were outstanding:

Expiry Date	Outstanding	Exercise Price	Exercisable
October 30, 2022	5,050,000	\$ 0.17	5,050,000
April 26, 2023	16,707,154	\$ 0.20	16,707,154
	21,757,154		21,757,154

See Note 14 for warrants issued subsequently.

11. Related Party Transactions

During the six month period ended August 31, 2022, a total of \$42,500 (2021 – \$nil) 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 August 31, 2022 of \$60,716 (February 28, 2022 – \$139,507) 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 \$42,500 (2021 - \$nil) incurred for the six month period ended August 31, 2022 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:

	Three months ended August 31,		Six months ended August 31,	
	2022	2021	2022	2021
Compensation - cash	\$ 124,205	\$ 48,000	\$ 236,705	\$ 96,000
Share-based payments	67,208	49,587	143,044	119,615
Total	\$ 191,413	\$ 97,587	\$ 379,749	\$ 215,615

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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:

August 31, 2022	Canada	Chile	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$1,426,338	\$ 12,969	\$ 17,548	\$ 11,275	\$ 1,962	\$ 459	\$ 1,470,551
Amounts receivable and prepaids	83,017	4,241	6,705	934	635	1,167	96,699
Right-of-use asset	-	-	4,404	-	-	-	4,404
Mineral properties	-	6,784,444	-	89,550	66,075	-	6,940,069
Total Assets	1,509,355	6,801,654	28,657	101,759	68,672	1,626	8,511,723
Total Liabilities	(429,589)	(3,021)	(16,720)	(\$7,514)	(187,767)	(4,734)	(649,345)
	\$1,079,766	\$6,798,633	\$11,937	\$ 94,245	(\$119,095)	(\$3,108)	\$ 7,862,378

Six Months ended August 31, 2022

Mineral property exploration expenditures	\$ -	\$287,157	\$ 45,664	\$114,134	\$1,310,611	\$19,229	\$1,776,795
Net loss	\$ 530,934	\$311,862	\$260,625	\$108,166	\$1,329,556	\$33,146	\$2,574,289

February 28, 2022

	Canada	Chile	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$1,879,378	\$ 185,352	\$ 39,411	\$ 10,167	\$ 8,028	\$ 433	\$ 2,122,769
Amounts receivable and prepaids	30,698	1,669	31,566	995	691	3,006	68,625
Right-of-use asset	-	-	18,039	-	-	-	18,039
Mineral properties	-	7,298,701	-	89,550	66,075	-	7,454,326
Total Assets	1,910,076	7,485,722	89,016	100,712	74,794	3,439	9,663,759
Total Liabilities	(123,323)	(249,691)	(71,381)	(\$7,938)	(100,082)	(7,455)	(559,870)
	\$1,786,753	\$7,236,031	\$17,635	\$ 92,774	(\$25,288)	(\$4,016)	\$ 9,103,889

Six Months Ended August 31, 2021

Mineral property exploration expenditures	\$ 714	\$ 35,873	\$ 125,818	\$73,005	\$21,261	\$256,671
Net loss	\$ 351,382	\$ 80,290	\$ 125,818	\$108,848	\$36,260	\$702,598

14. Subsequent Events

Private placement

Subsequent to August 31, 2022, on October 18, 2022, the Company completed a non-brokered private placement financing consisting of 20,000,000 units at a price of \$0.10 per unit for gross proceeds of \$2,000,000. 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) entitles the holder thereof to purchase one (1) additional common share of the Company at an exercise price of \$0.18 until October 18, 2023. The Company paid \$18,900 as finder's fees in connection with the financing.

Stock options and RSUs

On September 2, 2022, Rugby granted a total of 1,175,000 stock options exercisable at \$0.13 per share and expiring on September 2, 2027. The Company also amended the exercise price of an aggregate of 750,000 stock options with a price of \$0.22 to \$0.13.

On October 24, 2022, the Company granted 550,000 stock options exercisable at \$0.11 per share and expiring on October 24, 2027.

Additionally, Rugby granted a combined total of 1,151,000 RSUs to a director and an officer of the Company, subject to vesting provisions over a period of three years.