



RUGBY MINING LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended May 31, 2016 and 2015
(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

July 27, 2016

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

| | May 31, 2016 | February 29, 2016 |
|---|---------------------|-------------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | \$ 335,401 | \$ 505,854 |
| Amounts receivable and prepaids | 20,167 | 22,043 |
| | 355,568 | 527,897 |
| Mineral properties (Note 3) | 150,875 | 81,400 |
| | \$ 506,443 | \$ 609,297 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 54,867 | \$ 116,935 |
| Due to related parties (Note 7) | 287,400 | 233,466 |
| | 342,267 | 350,401 |
| Shareholders' Equity | | |
| Share capital (Note 4) | 15,907,362 | 15,907,362 |
| Contributed surplus | 5,646,401 | 5,607,930 |
| Deficit | (21,323,445) | (21,190,296) |
| Accumulated other comprehensive income | (66,142) | (66,100) |
| | 164,176 | 258,896 |
| | \$ 506,443 | \$ 609,297 |

Subsequent Events (Note 10)

Approved on behalf of the Board:

Robert Reynolds
..... Director

Yale Simpson
..... Director

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

| For the three months ended May 31, | 2016 | 2015 |
|---|-------------------|-------------------|
| Income | | |
| Interest income | \$ 1,241 | \$ 1,961 |
| Expenses | | |
| Accounting, audit and professional fees | 21,529 | 31,519 |
| Administrative (Note 5) | 122,144 | 118,316 |
| Bank charges | 979 | 2,251 |
| Directors' fees (Note 5) | 17,733 | 7,355 |
| Foreign exchange loss (gain) | 415 | (58) |
| Insurance | 8,229 | 8,413 |
| Mineral property exploration expenditures (Note 3) | (43,334) | 219,060 |
| Shareholder communications | - | 804 |
| Transfer agent | 678 | 747 |
| Travel | 6,017 | 4,954 |
| | 134,390 | 393,361 |
| Loss for the period | 133,149 | 391,400 |
| Other comprehensive loss | 42 | 5,123 |
| Comprehensive loss for the period | \$ 133,191 | \$ 396,523 |
| Basic and diluted loss per common share from loss for the period | \$ 0.00 | \$ 0.01 |
| Weighted average number of common shares outstanding | 54,422,500 | 46,035,000 |

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| For the three months ended, | May 31, 2016 | May 31, 2015 |
|--|---------------------|---------------------|
| Operating Activities | | |
| Net loss for the period | \$ (133,149) | \$ (391,400) |
| Items not requiring an outlay of cash: | | |
| Share-based payments (Note 5) | 38,471 | 40,134 |
| Changes in non-cash working capital | | |
| Amounts receivable and prepaids | 1,876 | (9,482) |
| Accounts payable and accrued liabilities | (62,068) | (22,022) |
| Due to related parties | 53,934 | 28,930 |
| Cash flows from operating activities | (100,936) | (353,840) |
| Investing Activities | | |
| Mineral property acquisition costs | (66,075) | - |
| Effect of foreign exchange rate change on cash and cash equivalents | | |
| | (3,442) | (3,523) |
| Net decrease in cash and cash equivalents | (170,453) | (357,363) |
| Cash and cash equivalents - beginning of period | 505,854 | 775,297 |
| Cash and cash equivalents - end of period | \$ 335,401 | \$ 417,934 |

RUGBY MINING LIMITED
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, 2015 | 46,035,000 | \$ 15,238,612 | \$ 5,455,799 | \$ (19,857,596) | \$ (31,513) | \$ 805,302 |
| - Share-based payments recognized | - | - | 40,134 | - | - | 40,134 |
| - Other comprehensive income | - | - | - | - | (5,123) | (5,123) |
| - Net loss for the period | - | - | - | (391,400) | - | (391,400) |
| Balance at May 31, 2015 | 46,035,000 | \$ 15,238,612 | \$ 5,495,933 | \$ (20,248,996) | \$ (36,636) | \$ 448,913 |
| - Equity Financing | 8,387,500 | 671,000 | - | - | - | 671,000 |
| - Share issue costs | - | (2,250) | - | - | - | (2,250) |
| - Share-based payments recognized | - | - | 152,131 | - | - | 152,131 |
| - Other comprehensive income | - | - | - | - | (34,587) | (34,587) |
| - Net loss for the period | - | - | - | (1,332,700) | - | (1,332,700) |
| Balance at February 29, 2016 | 54,422,500 | \$ 15,907,362 | \$ 5,607,930 | \$ (21,190,296) | \$ (66,100) | \$ 258,896 |
| - Share-based payments recognized | - | - | 38,471 | - | - | 38,471 |
| - Other comprehensive loss | - | - | - | - | (42) | (42) |
| - Net loss for the period | - | - | - | (133,149) | - | (133,149) |
| Balance at May 31, 2016 | 54,422,500 | \$ 15,907,362 | \$ 5,646,401 | \$ (21,323,445) | \$ (66,142) | \$ 164,176 |

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MAY 31, 2016 AND 2015
(UNAUDITED)

1. Nature of Operations

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, Colombia and the Philippines.

The Company is in the exploration stage with its various mineral properties. The continued operations of the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of such properties, and the profitable production from or disposition of such properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards 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 (Note 3) and overhead requirements. The Company has incurred operating losses since inception. As at May 31, 2016, the Company had an accumulated deficit of \$21,323,445 (February 29, 2016 -\$21,190,296) and working capital of \$13,301 (February 29, 2016 -\$177,496). 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. Please see Subsequent Events (Note 10).

If the going concern assumption was not appropriate for these 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 Toronto Stock Exchange Venture (the “TSX-V”). The Company’s head office is located at 1660 - 999 West Hastings Street, Vancouver, BC, Canada, V6C 2W2.

2. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“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 are set out in Note 4 of the audited consolidated financial statements for the year ended February 29, 2016, and have been consistently followed in the preparation of these condensed interim consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

These condensed interim consolidated financial statements were approved and authorized by the Audit Committee of the Board of Directors for issue on July 27, 2016.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MAY 31, 2016 AND 2015
(UNAUDITED)

3. Mineral Properties – Acquisition and Exploration Costs

a) Acquisition Costs- Colombia Properties

| | |
|--|-------------------|
| <i>Cost</i> | |
| As at February 28, 2015 | \$ 100,000 |
| Additions | - |
| Effect of movements in exchange rates | (18,600) |
| Balance as at February 29, 2016 | \$ 81,400 |
| As at March 1, 2016 | \$ 81,400 |
| Additions | 66,075 |
| Effect of movements in exchange rates | 3,400 |
| Balance as at May 31, 2016 | \$ 150,875 |

b) Exploration Costs

The tables below show the Company's exploration and evaluation expenditures for the three month periods ended May 31, 2016 and 2015.

| | Three Months ended May 31, 2016 | | | | | |
|---|---------------------------------|-------------|-------------|-------------|-------------------|---------------|
| | Generative & Other | Cobrasco | Comita | Mabuhay | Great Northern | Total |
| Assay | \$ - | \$ - | \$ - | \$ - | \$ 292 | \$ 292 |
| Field camp | - | - | - | 1,986 | 46,791 | 48,777 |
| Geological | - | 124 | 9,260 | - | - | 9,384 |
| Legal | - | 1,226 | 1,200 | 1,709 | 1,831 | 5,966 |
| Office operations | 1,294 | 2,474 | 214 | 202 | 4,448 | 8,632 |
| Travel | - | 610 | 66 | 10,061 | 8,567 | 19,304 |
| Wages and benefits | - | - | 1,059 | 5,668 | 204 | 6,931 |
| Government refunds | - | - | - | - | (142,620) | (142,620) |
| Exploration and evaluation costs | \$ 1,294 | \$ 4,434 | \$ 11,799 | \$ 19,626 | \$ (80,487) | \$ (43,334) |
| Cumulative exploration and evaluation costs | \$3,535,468 | \$1,266,138 | \$2,325,775 | \$2,412,158 | \$ 901,394 | \$ 10,440,933 |

| | Three Months ended May 31, 2015 | | | | | |
|---|---------------------------------|-------------|-------------|-------------|-------------------|---------------|
| | Generative & Other | Cobrasco | Comita | Mabuhay | Great Northern | Total |
| Assay | \$ - | \$ - | \$ - | \$ - | \$ 1,253 | \$ 1,253 |
| Field camp | - | - | - | 4,344 | 7,530 | 11,874 |
| Geological* | 34,111 | 10,974 | 25,345 | - | 17,337 | 87,767 |
| Legal | - | 15,969 | 4,045 | 3,539 | 884 | 24,437 |
| Office operations | - | 17,388 | 7,410 | 1,671 | 7,470 | 33,939 |
| Travel | - | 10,470 | 234 | 3,737 | 12,562 | 27,003 |
| Wages and benefits | - | 1,611 | 6,931 | 11,630 | 12,615 | 32,787 |
| Exploration and evaluation costs | \$ 34,111 | \$ 56,412 | \$ 43,965 | \$ 24,921 | \$ 59,651 | \$ 219,060 |
| Cumulative exploration and evaluation costs | \$3,495,967 | \$1,203,764 | \$2,251,250 | \$2,316,941 | \$ 810,085 | \$ 10,078,007 |

* Includes share based compensation as reflected below:

| | Three Months ended May 31, 2015 | | | | | |
|------------|---------------------------------|----------|--------|---------|-------------------|----------|
| | Generative & Other | Cobrasco | Comita | Mabuhay | Great Northern | Total |
| Geological | \$ - | \$ 5,485 | \$ - | \$ - | \$ - | \$ 5,485 |
| Total | \$ - | \$ 5,485 | \$ - | \$ - | \$ - | \$ 5,485 |

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MAY 31, 2016 AND 2015
(UNAUDITED)

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

Cobrasco Porphyry Copper Gold Project, Colombia

The Cobrasco concession, which is subject to a 1% net smelter royalty (“NSR”), was acquired in April 2013.

Comita Porphyry Copper Project, Colombia

On October 12, 2010, the Company announced it had entered into an option agreement over Comita (the “Comita Agreement”), granting the Company the right to earn up to a 60% indirect interest in the project. The Comita Agreement provides that the mineral title at Comita will be transferred to a new Colombian entity (“Newco”) and grants the Company the right to earn an initial 40% interest in Newco upon completion of certain exploration activities and incurring expenditure commitments, with a further option to earn an additional 20% interest, for a total interest of 60% in Newco.

On May 6, 2014, the Company along with the Comita concession holder, amended the Comita Agreement such that the dates to meet the expenditure and drilling requirements have been extended. Under the amended Comita Agreement, the Company can earn the 60% interest in Newco (an effective 60% indirect interest in the Comita project) if it completes the obligations set out in the two options as follows:

Option 1: The Company has until October 20, 2018 to acquire an indirect 40% interest in the Comita project by incurring US\$10.0 million in exploration expenditures which include at least 10,000 m of drilling as follows:

(i) US\$250,000 on or before October 21, 2011, the first anniversary date of the agreement (incurred).

(ii) Thereafter the Company has the option, but not the obligation to incur US\$9.75 million with minimum annual expenditures of US\$250,000 (minimum yearly expenditure requirements have been met to date) until such time as the Comita project is removed from the forestry reserve, following which the minimum annual expenditure increases to US\$1.0 million.

Excess expenditure in any given year may be carried forward to the next year, however such carry forward is limited to US\$1.0 million at the end of Option 1. Upon incurring the expenditures set out above, the Company is required to provide the title holder with notice that it has met the requirements to acquire the initial 40% interest in Newco following which the title holder has 90 days to elect to resume management of the Comita project. In the event that the title holder elects to resume management of the Comita project, a joint venture will be formed and dilution provisions will apply. Should the title holder elect not to resume management of the Comita project, the Company will be granted a second option to acquire a further 20% interest in Newco as set out below:

Option 2: Upon the Company being granted the second option it will have 3 years to acquire an additional 20% interest in Newco for a total 60% indirect interest in the project by incurring an additional US\$15.0 million in expenditures, including 20,000 m of drilling with minimum annual expenditures of US\$1.0 million on or before October 20, 2021.

Mabuhay Gold Project, Philippines

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 MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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3. Mineral Properties – Acquisition and Exploration Costs (Continued)

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”) as it is anticipated that an Exploration Permit (“EP”) will be granted by the Philippine government earlier than an MPSA. An EP would allow the Company to conduct drilling at Mabuhay. An EPA was submitted to the government in March 2013 and all future payments as defined in the Amended Mabuhay Agreement have been deferred until the EP is approved by the federal authorities.

Under the Amended Mabuhay Agreement, in order to maintain its option, the Company is required to make staged payments totaling US\$250,000 over three years from the grant date of the EP (EP not yet granted), incur staged expenditures totaling US\$4.5 million over six years from the grant date of the EP, and complete a pre-feasibility study to earn its interest and exercise its Mabuhay Option.

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 and pay an aggregate of US\$500,000 over three years to SunPacific.

The Company was required to pay Pelican a further US\$5.0 million (the “Royalty Interest”) if commercial production commenced at Mabuhay. In April 2016, the Company purchased all of Pelican’s residual Royalty Interest in Mabuhay for A\$10,000 and consequently, Pelican has no remaining interest in Mabuhay.

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.

The El Poma Project and Regional Applications, Colombia

On June 1, 2016, Rugby announced that it had acquired an extensive portfolio of both granted exploration concessions and applications covering approximately 845 square kilometres in Colombia.

Under the terms of the agreement, Rugby acquired 100% of the issued and outstanding common shares of a subsidiary for nominal cash consideration. No residual rights to the subsidiary or the Colombian properties were retained by the former owners.

The Great Northern Gold Project, Australia

On March 20, 2014 the Company entered into an option agreement with Australian listed company, De Grey Mining Limited over the Great Northern Gold Project (the “GNGP”). The GNGP is located in the Pilbara region of Western Australia.

Pursuant to the GNGP Agreement, Rugby paid De Grey A\$100,000 and had a three year option to acquire an 80% interest in the mineral tenements by incurring a total of A\$2 million in expenditures with a minimum expenditure commitment of A\$500,000 (minimum requirement completed); and a further option to purchase an 80% interest in the historic near surface resource on the property for A\$3 million, by paying A\$2 million at any time within 54 months of date of the GNGP Agreement and a further A\$1 million within 30 days of a decision to mine any part of the historic resource at GNGP.

During the quarter ended May 31, 2016, the Company relinquished its option over the GNGP as exploration results did not meet expectations.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MAY 31, 2016 AND 2015
(UNAUDITED)

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

The Jessup Gold-Silver Project, Nevada, USA

On August 17, 2015 the Company entered into an option agreement with a private U.S. company over the Jessup Gold-Silver Project (“Jessup”) to earn a 100% interest in Jessup.

During the quarter ended May 31, 2016, the Company gave notice to the concession holder that it would not proceed with its option over Jessup.

4. Share Capital

During the three month period ended May 31, 2016, no common shares were issued.

In October 2015, the Company completed a non-brokered private placement financing consisting of 8,387,500 units (the “Units”) at a price of \$0.08 per Unit for gross proceeds of \$671,000 (the “Offering”). Each Unit consisted of one (1) common share, and one (1) common share purchase warrant. Each share purchase warrant entitles the holder thereof to purchase one (1) additional common share of the Company for a period of five (5) years, at an exercise price of \$0.10 if exercised during the first year and thereafter; until exercised, the Warrant will increase in exercise price each year on the anniversary date of the closing by \$0.01 to a maximum price of \$0.14 in year five (5). The Company paid \$2,250 as finder’s fees in connection with a portion of the financing which was charged to share capital.

5. 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 26, 2015, may not exceed 20% of the total number of issued and outstanding shares of the Company on a non-diluted basis. At May 31, 2016 the maximum number of options issuable under the Plan was 10,884,000. 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.

A summary of the changes in share options during the three month period ended May 31, 2016 and the year ended February 29, 2016 are as follows:

| | May 31, 2016 | | February 29, 2016 | |
|--|--------------|---------------------------------|-------------------|---------------------------------|
| | Options | Weighted Average Exercise Price | Options | Weighted Average Exercise Price |
| Options outstanding, beginning of period | 7,925,000 | \$ 0.12* | 8,410,000 | \$ 0.35 |
| Forfeited/expired | (400,000) | 0.50 | (3,910,000) | 0.39 |
| Granted | 450,000 | 0.06 | 3,425,000 | 0.09 |
| Options outstanding, end of period | 7,975,000 | \$ 0.09 | 7,925,000 | \$ 0.12* |

There were Nil (2014 – Nil) options exercised during the period.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(UNAUDITED)

5. Stock Option Plan (Continued)

* During the year ended February 29, 2016, the Company re-priced 1,035,000 options priced at \$0.41, to an exercise price of \$0.10; 1,110,000 options priced at \$0.36, to an exercise price of \$0.10; 190,000 options priced at \$0.30 to an exercise price of \$0.10; and 1,950,000 options priced at \$0.18 to an exercise price of \$0.10. The Company recognized \$17,268 in share-based compensation related to vested options from the stock options re-pricing.

The following table summarizes information about the stock options outstanding and exercisable at May 30, 2016:

| Outstanding Options | | | | Exercisable Options | | |
|----------------------|-----------|---|---------------------------------|---------------------|---|---------------------------------|
| Range of Prices (\$) | Number | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price | Number | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price |
| 0.01 - 0.09 | 1,870,000 | 4.48 | \$ 0.08 | 355,000 | 4.50 | \$ 0.07 |
| 0.10 - 0.24 | 6,105,000 | 5.93 | 0.10 | 4,727,500 | 6.00 | 0.10 |
| | 7,975,000 | 5.59 | \$ 0.09 | 5,082,500 | 5.89 | \$ 0.10 |

Share-based compensation recognized on options vesting during the quarter amounting to \$38,471 (2014- \$40,134) has been allocated to contributed surplus. Share-based compensation has been allocated as follows:

| Three months ended May 31, | 2016 | 2015 |
|---|---------------|---------------|
| Administrative | 20,739 | 27,294 |
| Directors' fees | 17,732 | 7,355 |
| Mineral property exploration expenditures | - | 5,485 |
| Total | 38,471 | 40,134 |

6. Warrants

During the three months ended May 31, 2016 and for the year ended February 29, 2016, no warrants were exercised.

At May 31, 2016, the Company had 8,387,500 outstanding warrants exercisable until October 15, 2020, at an exercise price of \$0.10 if exercised before October 16, 2016 and thereafter; until exercised, the Warrant will increase in exercise price each year on October 16 by \$0.01 to a maximum price of \$0.14 on October 16, 2019. See Subsequent Events (Note 10).

7. Related Party Transactions

a) During the three month period ended May 31, 2016, a total of \$71,507 (2015 – \$71,573) 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 directors or officers of the Company of \$265,824 at May 31, 2016 (February 29, 2016 – \$204,576) are non-interest bearing and are due on demand. Consulting fees payable to Berenvy and Rowen are, by agreement, being accrued in order to conserve cash resources.

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7. Related Party Transactions (Continued)

The total of \$71,507 for the three month period ended May 31, 2016 was paid or accrued as follows: \$31,248 (2015 – \$31,248) to Berenvy Pty Ltd., a company controlled by the President & CEO of the Company for consulting fees, \$30,000 (2015 - \$30,000) to Rowen Company Ltd., a company controlled by the Chairman of the Company for consulting fees and \$10,259 (2015 -\$10,325) to Rogo Investments Pty Ltd., a company controlled by a director of the Company for office rental fees which are priced at commercial market prices.

- b) During the period, the Company shared costs of certain common expenditures including administrative support, office overhead and travel with Exeter Resource Corporation (“Exeter”).

The Company, along with Exeter, incurs certain expenditures for staff, including the salary of the Chief Financial Officer and exploration expenditures on behalf of each other. The net amount paid or accrued by the Company to Exeter during the three month period ended May 31, 2016 was \$20,548 (2015 – \$25,754). As at May 31, 2016, the Company had amount payable of \$21,576 (February 29, 2016 – \$28,890) to Exeter. The amounts due to Exeter are non-interest bearing and are due on demand.

8. 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, 2016 and 2015:

| | | 2016 | 2015 |
|----------------------|-----------|---------------|----------------|
| Compensation - cash | \$ | 80,178 | 85,675 |
| Share-based payments | | 19,577 | 16,549 |
| Total | \$ | 99,755 | 102,224 |

9. 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, 2016 | Canada | Australia | Colombia | Philippines | Total |
|---|-------------|-------------|------------|-------------|-------------|
| Cash and cash equivalents | \$ 200,388 | \$ 90,597 | \$ 39,068 | \$ 5,348 | \$ 335,401 |
| Amounts receivable and prepaids | 17,632 | 1,436 | 1,099 | - | 20,167 |
| Mineral properties | 66,075 | - | 84,800 | - | 150,875 |
| | 284,095 | 92,033 | 124,967 | 5,348 | 506,443 |
| Current Liabilities | (303,863) | (16,652) | (20,748) | (1,004) | (342,267) |
| | \$ (19,768) | \$ 75,381 | \$ 104,219 | \$ 4,344 | \$ 164,176 |
| Three months ended May 31, 2016 | | | | | |
| Mineral property exploration expenditures | \$ - | \$ (80,487) | \$ 17,527 | \$ 19,626 | \$ (43,334) |
| Net loss | \$ 152,216 | \$ (64,286) | \$ 25,193 | \$ 20,026 | \$ 133,129 |

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(UNAUDITED)

9. Segmented Information (Continued)

| February 29 2016 | Canada | Australia | Colombia | Philippines | Total |
|---|------------|------------|------------|-------------|--------------|
| Cash and cash equivalents | \$ 405,026 | \$ 61,957 | \$ 21,162 | \$ 17,709 | \$ 505,854 |
| Amounts receivable and prepaids | 18,305 | 2,949 | 789 | - | 22,043 |
| Mineral properties | - | - | 81,400 | - | 81,400 |
| | 423,331 | 64,906 | \$ 103,351 | \$ 17,709 | \$ 609,297 |
| Current Liabilities | 298,057 | 41,832 | 7,998 | 2,514 | 350,401 |
| | \$ 125,274 | \$ 23,074 | \$ 95,353 | \$ 15,195 | \$ 258,896 |
| Year Ended February 29, 2016 | | | | | |
| Mineral property exploration expenditures | \$ - | \$ 231,447 | \$ 293,361 | \$ 100,512 | \$ 625,320 |
| Net loss | \$ 673,836 | \$ 213,882 | \$ 333,802 | \$ 111,180 | \$ 1,332,700 |

10. Subsequent Events

On June 1, 2016, the Company announced that it had acquired concession applications in Australia, known as the Otways Project, for a nominal consideration.

On June 5, 2016, the Company granted 850,000 stock options to directors, officers, employees and consultants, exercisable at \$0.30 per share expiring on June 5, 2021.

On July 26, 2016 the Company closed a non brokered Private Placement offering and issued 9,000,000 units (the "Units") at a price of \$0.30 per Unit for gross proceeds of \$2,700,000 (the "Offering"). Each Unit consists 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) 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 \$0.45 during the first year and \$0.60 in the second year.