RUGBY MINING LIMITED

Management Discussion and Analysis

May 31, 2010

Rugby Mining Limited

Management's Discussion and Analysis
For the period ended May 31, 2010

This Management's Discussion and Analysis ("MD&A") of Rugby Mining Limited ("Rugby" or the "Company") is dated July 27, 2010 and provides analysis of Rugby's unaudited interim financial results for the three month period ended May 31, 2010. At July 27, 2010, the Company had 21,695,000 shares outstanding.

The following information should be read in conjunction with, the Company's unaudited interim financial statements and related notes for the three month period ended May 31, 2010, the Company's audited financial statements and related notes for the year ended February 28, 2010, and the Company's Management Information Circular dated June 17, 2010. The unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"), except that they do not contain all the note disclosures required for audited financial statements.

All amounts are expressed in Canadian dollars unless otherwise noted. All documents noted above and any additional information relating to the Company, are available for viewing on SEDAR at www.sedar.com and/or the Company's website at www.rugbymining.com.

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

Description of Business

The Company is an emerging mineral resource company exploring for gold, silver and base metals.

The Company was incorporated on January 24, 2007. The Company's most recently completed financial year end was February 28, 2010. The results of the most recent year are set out in the Company's audited financial statements for the year ended February 28, 2010.

The Company began the period with 20,195,000 shares outstanding and ended the period with 21,695,000 shares outstanding.

Pursuant to agreements dated July 10, 2008 and December 2, 2008 between Sunland Properties Limited ("Sunland") and Rowen Company Limited ("Rowen") a company controlled by Bryce Roxburgh, a director of the Company, and subsequent amendments dated December 31, 2009, the Company has the option (the "Option") to acquire up to 90% of the issued and outstanding shares of Sunland. Sunland's wholly owned subsidiary, Rugby Mining Pty Ltd., owns the Hawkwood property in Queensland Australia. Previously the Company had the right to earn up to a 60% interest in Sunland.

Under the Option, the Company paid to Rowen A$25,000 ($22,388) as a non-refundable deposit and a further A$200,000 ($183,202) to repay a portion of a loan advanced to Sunland by Rowen. In addition, the Company issued 1.5 million shares with a deemed value of $615,000 to Rowen (issued during the period ended May 31, 2010) on approval from the TSX-V (approved on January 25, 2010) and is required to incur exploration expenditures as follows:

(i) In order to exercise the option to acquire an initial 60% interest in Sunland:

A$300,000 ($264,090) by December 31, 2010
A$200,000 ($176,060) by December 31, 2011
A$500,000 ($440,150) by December 31, 2013

(ii) In order to exercise the option to acquire an additional 30% interest in Sunland, the Company must incur an additional A$3.0 million in expenditures on the property for a total of A$4.0 million before December 31, 2017 and issue an additional 3 million shares of the Company to Rowen.

Part of the Hawkwood property is subject to a 2% net smelter royalty payable to Newcrest Operations Limited.

On January 20, 2010, Rugby announced that it had entered into a Joint Venture Heads of Agreement (the "Agreement") with Eastern Iron Limited ("Eastern Iron") and Sunland subsidiary, Rugby Mining Pty Ltd. with respect to certain portions of exploration permit 15289 and exploration permit application 17099 (the "Exploration Area") which comprises a part of the Company's Hawkwood Project. Under the terms of the Agreement, Eastern Iron can earn a 50% interest in the Exploration Area by funding an A$200,000 ($176,000) work program within the first 12 months and thereafter incurring an additional A$500,000 ($440,000) in exploration expenditures within the following 2 years. Eastern Iron can increase its interest in the Exploration Area to 80% by incurring an additional A$3.6 ($3.2) million in expenditures and completing a bankable feasibility study within the following 5 years. Exploration permit 15289 is subject to a 2% net smelter royalty held by Newcrest Operations Limited.

Results of Operations for the three month period ended May 31, 2010

The Company recorded a net loss for the three month period of $155,662 which is the result of administrative expenses (which includes general administrative costs, bank charges, insurance, transfer agent fees and amortization) of $27,767, project evaluation of $37,635, professional fees of $24,682, and stock based compensation of $65,578.

Summary of Quarterly Results

	2011	2010				2009		
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Interest income	$ -	$ -	$ -	$ -	$ 121	$ 2,139	$ 4,558	$ 2,139
Administrative expenses	27,767	18,581	20,671	33,777	28,657	10,703	142	811
Professional fees	24,682	33,415	1,913	4,026[(1)]	15,689[(1)]	45,569[(1)]	27,539	69,415
Project evaluation costs	37,635	658,346[(3)]	97,200	275,207[(2)]	61,644	50,266	-	-

[(1)] Professional fees are substantially related to costs associated with completing a QT.
[(2)] Includes A$200,000 ($183,202) paid to Rowen for re-imbursement of expenditures.
[(3)] Includes $615,000 being the fair market value of 1.5 million shares issued to Rowen in connection with the Revised Option.

Financial Condition, Liquidity and Capital Resources

As at May 31, 2010 the Company had cash resources of $818,053 and working capital of $723,878. The Company believes that its cash resources are sufficient to meet its currently planned expenditures, however should it enter into new property agreements or increase its activities additional funds will be required.

The Company's source of working capital to date has been from the sale of its common shares. Under the current economic environment, access to the capital markets to obtain equity financing is very uncertain, and consequently future equity financing may not be readily accessible to the Company.

Contractual Obligations

Other than the obligations noted above pursuant to the agreement with Rowen for the option to acquire the Hawkwood Property, the Company has no material contractual obligations at May 31, 2010.

Related Party Transactions

Amounts due to related parties of $39,059 at May 31, 2010 (February 28, 2010 - $102,437) is for administrative support fees, management, consulting and exploration fees, and for expenses incurred while conducting the Company's business.

During the period ended May 31, 2010, related party transactions not otherwise disclosed in these financial statements are as follows:

(a) Paid or accrued project evaluation costs of $23,900 (2009 - $39,865) to a company controlled by the Chief Executive Officer of the Company. As at May 31, 2010, the Company had amounts owing of $21,943 (February 28, 2010 – $32,783) to this company;

(b) Paid or accrued administrative support fees of $15,000 (2009 - $15,000) to a company with common directors. As at May 31, 2010, the Company had amounts owing of $5,000 (February 28, 2010 - $5,250) to this company; and

(c) As at May 31, 2010, the Company had amounts owing of $12,116 (February 28, 2010 - $64,404) to a company controlled by a director for exploration expenditures incurred.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Financial Instruments

The Company's financial instruments consist of cash, other receivables, and accounts payable and accrued liabilities. The Company's activities expose it to a variety of financial risks, including credit risk, liquidity and market risk.

The Company's financial instruments consist of cash, interest receivable, and accounts payable and accrued liabilities. The Company's activities expose it to a variety of financial risks, including credit risk, liquidity and market risk. Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents by purchasing highly liquid, short term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency. Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash and cash equivalents to meet the Company's business requirements. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

i) Interest rate risk
The Company's cash and cash equivalents consist of cash held in bank accounts and cashable GIC's that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of February 28, 2009. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a material effect on interest income.

ii) Foreign currency risk
The Company is exposed to foreign currency risk as monetary financial instruments are denominated in US and Australian currencies. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in US currency. The Company's sensitivity analysis suggests that a consistent 5% change in the absolute rate of exchange in all foreign jurisdictions would not have a material impact on these financial statements.

iii) Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, foreign exchange risk or commodity price risk. The Company has no financial instruments exposed to such risk.

Risks and Uncertainties

The Hawkwood property in which the Company has an option to acquire an interest, is in the exploration stage only. The securities of the Company should be considered a highly speculative investment due to the high risk nature of the Company's business, which is the acquisition, financing, exploration and development of mining properties. The following risk factors, which are not exclusive, could materially affect the Company's business, financial condition or results of operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The Company does not have a history of earnings, nor has it paid any dividends and management does not expect this will change in the near future.

The directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

Future exploration may be financed in all or in part by the issuance of additional shares of the Company, resulting in further dilution to existing shareholders. Such dilution may be significant, and may also result in a change of control of the Company.

Please also refer to the section under risk factors in the Company's prospectus for the Initial Public Offering and its MD&A for the year ended February 28, 2010 which can be found on SEDAR at www.sedar.com.

Critical Accounting Estimates

The Company's significant accounting policies are described in detail in Note 3 of its unaudited interim financial statements for the three month period ended May 31, 2010. The Company considers the following policies to be most critical in understanding its financial results:

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include accrued liabilities, the determination of the assumptions used in the calculation of stock-based compensation expense and the valuation allowance for future income tax assets. Actual results could differ from those estimates used in the financial statements.

Financial instruments

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value.

Mineral property interests

Exploration expenditures and option payments incurred prior to the determination of the feasibility of mining operations and the decision to commence development are charged to operations as incurred.

Pre-development costs incurred prior to a development decision and the receipt of all necessary permits and licenses for sustained mining operations are charged to operations as incurred.

Development expenditures incurred subsequent to the commencement of commercial production to increase productive capacity or to extend the life of existing production will be capitalized under mine development costs.

Changes in Accounting Policies

Future changes in accounting standards:

(a) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to IFRS from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its May 31, 2011 interim financial statements and for the year ended February 28, 2012. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ending February 28, 2011 and earlier where applicable.

Management is currently working through planed IFRS transition stages. The first stage is for management and the accounting department to be introduced to IFRS. Thus far, activities in the introduction stage have included participation in IFRS workshops run by various experts including large accounting and auditing firms. The Company has also purchased an IFRS handbook and transition textbooks. Third party IFRS consultants have also been identified to aid in the process, including a stock-based compensation management and valuation program. Currently, a number of IFRS transition companies and service providers are offering programs to aid companies, similar to Exeter, in the transition to IFRS, and management is in the process of reviewing a number of potential providers and their associated costs. These consultants have programs that are all encompassing and would provide management with project management advice on such key topics as general IFRS accounting policy differences, information technology requirements, disclosure and internal control differences.

(b) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-Controlling Interests". These sections replace the former Handbook Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements", and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of financial statements.

These new sections apply to interim and annual financial statements relating to the Company's fiscal years beginning on or after March 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently.

Management's Responsibility For Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at May 31, 2010 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

Internal Controls And Disclosure Controls Over Financial Reporting

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuers from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the three months ended May 31, 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at May 31, 2010.

Changes In Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three months ended May 31, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Investor Relations

At this time Company has no formal investor relations program in place.

Additional Information

As at July 27, 2010 the Company had 21,695,000 common shares issued and outstanding, of which 6,260,000 are held in escrow. The escrow shares will be released at a rate of approximately 1,560,000 shares every 6 months. As at July 27, 2010, the Company had outstanding options and warrants as follows:

	Number	Exercise Price	Expiry
Options:	1,125,000	$0.30	October 9, 2014
	410,000	$0.30	October 10, 2014
	600,000	$0.42	July 7, 2015
	1,375,000	$0.50	July 20, 2015
Warrants:	2,995,000	$0.30	July 17, 2011

Directors and Officers

Directors:

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Bryce Roxburgh
Yale Simpson
Robert Reynolds
Cecil Bond

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