RUGBY MINING LIMITED

Management's Discussion and Analysis

For the second quarter ended August 31, 2011

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This Management's Discussion and Analysis ("MD&A") of Rugby Mining Limited ("Rugby" or the "Company") is dated October 31, 2011 and provides analysis of Rugby's unaudited financial results for the six month period ended August 31, 2011. At October 31, 2011, the Company had 34,700,000 shares outstanding.

The following information should be read in conjunction with, the Company's unaudited interim financial statements and related notes for the six month period ended August 31, 2011 and the Company's audited financial statements and related notes for the year ended February 28, 2011.

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

These forward-looking statements, principally under the heading "Outlook", but also elsewhere in this document include estimates, forecasts and statements as to the Company's belief with respect to, among other things, the potential for the success of its exploration programs and the quality of its exploration results, the Company's ability to continue to access the capital necessary to allow it to perform its obligations under its option and earn-in agreements with respect to its Hawkwood, Mabuhay, Interceptor and Comita properties, the Company's ability to mitigate foreign exchange risk, changes required to the Company's accounting policies on adoption of IFRS, the ability of the Company to respond to market fluctuations and government regulations and the ability of the Company to demonstrate that a commercially viable mineral deposit exists on the Company's various projects.

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. In addition, there are also known and unknown risk factors which may cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation:

- risks associated with exploration and project development;
- the need for additional financing;
- fluctuations in metal prices;
- title matters;
- uncertainties and risks related to carrying on business in foreign countries;
- environmental liability claims and insurance;
- reliance on key personnel;
- the potential for conflicts of interest among certain of our officers, directors or promoters with certain other projects;
- the absence of dividends;
- currency fluctuations;
- competition;
- dilution; and
- the volatility of our common share price and volume.

The above list is not exhaustive of the factors that may affect forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further in this MD&A. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary

materially from those described in the forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law. Investors are cautioned against attributing undue certainty to 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 results of the most recently completed financial year are set out in the Company's audited financial statements for the year ended February 28, 2011.

The Company began the period with 32,052,500 shares outstanding and ended the period with 34,700,000 shares outstanding.

Projects

Comita Porphyry Copper Gold Project, Colombia

The Comita porphyry copper gold project ("Comita") is located 100 kilometres ("km") southwest of Medellin in the Choco Region of Colombia. The region is an established mining /exploration district in Colombia that hosts significant operating gold mines and multiple copper gold porphyry discoveries.

The area was first recognized during the 1980's by a German government (BGR) reconnaissance exploration program which identified extensive and strongly anomalous copper stream sediment geochemistry which defined outcropping porphyry copper style mineralization. The zone of strong stream sediment copper anomalism covers a district sized area of approximately 8 square kilometres ("sq km"). Comita, which covers an area of 45 sq km, comprises one granted Contract Concession (JB5-08011) covering 15 sq km and two adjoining Concession Applications totalling 30 sq km. The Contract Concession was acquired by Rio Tinto in April 2010.

Comita is situated within undulating terrain with elevation ranging up to 900 metres ("m"). Mineralization is hosted by a sequence of felsic tuffs, proximal to and immediately west of the contact with a number of syenite to monzonite intrusives. Previous exploration by the BGR indicates potential for an enriched supergene blanket containing chalcocite after bornite, cuprite, malachite and native copper. Molybdenite was also observed. Alteration appears similar to other large porphyry copper systems where primary magnetite is replaced by hematite (martitization). Mineralized outcrops of stockwork quartz-bornite veining occur within the property. To date, no systematic modern exploration or drilling has been conducted on the property.

Mines and deposits in the region include Medoro Resource's Marmato deposit (9.7Moz Au) and the Frontino Gold Mine, which historically produced about 4.5 million ounces of gold ("Moz Au). Significant gold porphyry discoveries in the district include Sunward Resources' Titiribi (3.7Moz Au) deposit, AngloGold Ashanti's La Colosa (12.3 Moz Au) deposit, and AngloGold / B2Gold's Gramalote (2.4Moz Au) deposit.

The Comita Agreement

On October 12, 2010, the Company announced it had entered into an agreement (the "Comita Agreement") with Rio Tinto Mining and Exploration Colombia ("Rio Tinto"), over Comita in Colombia, granting it the right to earn up to a 60% interest in the project. The Comita Agreement provides that all of the mineral titles at Comita owned by Rio Tinto, 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. Under the terms of the 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 an initial 5 year option to acquire an indirect 40% interest in the Comita Project by incurring US$10.0 ($9.8) million in exploration expenditures which include at least 10,000m of drilling as follows:

(i) US$250,000 ($244,600) on or before October 21, 2011, the first anniversary date of the agreement (committed).

(ii) Thereafter the Company has the option, but not the obligation to incur US$9.75 ($9.50) million over the following four years with minimum annual expenditures of US$250,000 ($244,600) until such time as the Comita project is removed from the forestry reserve, following which the minimum annual expenditure will increase to US$1.0 ($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 ($1.0) million at the end of the initial 5 year option. Upon incurring the expenditures set out above, the Company is required to provide Rio Tinto with notice that it has met the requirements to acquire the initial 40% interest in Newco following which Rio Tinto has 90 days to elect to resume management of the Comita project. In the event that Rio Tinto elects to resume management of the Comita project, a joint venture will be formed and dilution provisions will apply. Should Rio Tinto elect not to resume management of the Comita project, the Company will be granted a second option to acquire a further 20% indirect 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 ($14.7) million in expenditures, including 20,000m of drilling with minimum annual expenditures of US$1.0 ($1.0) million.

Mabuhay Gold Project, Philippines

The Mabuhay Gold project ("Mabuhay") is located 12 km south of Surigao City, the capital city in the province of Surigao del Norte, Philippines. Mabuhay, formerly known as "The Mindanao Mother Lode Mine" ("Mother Lode") was an epithermal vein style bonanza-grade gold mine that is estimated to have produced around 500,000 ounces of gold from 1937 through to 1953. Mother Lode, which was once one of the Philippines' highest grade gold producers, is located in the centre of the project's tenements.

Mabuhay covers an area of 878 hectares ("ha") comprising a Mineral Production Sharing Agreement application (APSA No. 000029-X) which is currently awaiting approval. A group of pre-existing mining lease contracts covering an aggregate area of 686 ha, which are also included in the agreement, are located within APSA No. 000029-X. These mining lease contracts are currently valid and allow Rugby to conduct exploration and drilling activities.

Past drilling conducted on Mabuhay, which targeted the epithermal vein system at Mother Lode, returned significant results including 15.5m at 5.9g/t gold and 3.9m at 18.1g/t gold. Rugby will focus on testing the deep porphyry targets and has completed an Induced Polarization ("IP") survey over the entire property and has completed an initial 8 hole drill program totaling 4,000m testing geophysical anomalies that were defined. Significant intersections include 540m at 0.24% Cu, 0.2 g/t Au and 88 ppm Mo. Further drilling is planned following permitting approval for the Motherlode mine area which is expected early 2012.

The Mabuhay Agreement

On October 5, 2010, the Company announced it had entered into agreements with Pelican Resources Limited, 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 Resources Limited ("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 project. Under the Mabuhay Agreement, the Company will be required to make staged payments to Pelican and All-Acacia totaling US$900,000 ($880,560) over three years and incur staged expenditures of US$6.5 ($6.4) million over six years including the completion of a pre-feasibility study. In addition, the Company has paid Pelican a signature fee of US$20,000 ($20,466). Pelican will be paid a further US$5.0 ($4.9) million if commercial production commences at Mabuhay. Upon the exercise of the Mabuhay Option, All-Acacia and the Company will 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 ($195,680) to All-Acacia towards All-Acacia's pro-rata share of expenditures until commencement of production from the Property.

Interceptor Gold Copper Project, Argentina

The Interceptor Porphyry gold copper project ("Interceptor") is located in Catamarca Province in Northern Argentina. Interceptor is drill ready with large scale targets defined by geochemical and geophysical surveys conducted by a previous operator.

In 1997 Newcrest Mining Ltd identified gold and copper mineralization in a sediment-intrusive complex at Interceptor. Eight bulldozer trenches totalling 2,000m were completed within a two sq km area. Importantly, not all of the trenches were successful in reaching bedrock. A total of 428 channel samples were collected by Newcrest, including:

- 39m at an average grade of 0.56 g/t gold
- 39m at 1.22 g/t gold
- 42m at 0.33% copper and 0.21g/t gold

The geology of Interceptor is documented to be an early microdiorite intruding an older sedimentary sequence which was subsequently intruded by silica-sericite-pyrite altered quartz-feldspar porphyry. Secondary copper mineralization is associated with quartz-stockworks that are exposed in a zone up to 100m wide. Colluvial cover obscures the true extent of the mineralization. Previous geophysical surveys identified a strong IIP anomaly which appears to be open and widening to the south. No drilling was performed.

The Interceptor Agreement

On November 23, 2010 the Company entered into an option agreement (the "Interceptor Agreement") with Miranda S.A., an Argentine company ("Miranda") to acquire 100% of Interceptor. The Interceptor Agreement grants the Company a 6 year option to acquire 100% of titles which have a total area of 32.4 sq km. The consideration is the payment of an initial US$50,000 ($48,920; paid) and thereafter the payment of an annual option fee of US$50,000 ($48,920) for 3 years, followed by payments of US$62,500 ($61,150); US$75,000 ($73,380) and US$87,500 ($85,610) for years 4 to 6. In addition, in order to exercise the option, the parties will negotiate the option exercise price, which will not be less than US$1.0 ($1.0) million and no greater than US$5.0 ($4.9) million. Miranda will also retain a 2% NSR over the properties. If the Company exercises the option to acquire the properties it will be required to pay escalating advance royalty payments until the property is put into production. The Company also has an option to purchase the NSR from Miranda. There are no minimum annual expenditure or work commitments.

Hawkwood Property, Australia

The Hawkwood project is situated near Hawkwood in south eastern Queensland, Australia. The Hawkwood project is very well located close to infrastructure and a seawater port. The project has been the subject of exploration activities over the last 40 years with reported results from previous explorers of 0.55% copper over 3m in trenches and drill results of 0.51% copper over 20m, from a depth of 2m. In addition, trenching results from the mid 1990's are also reported to include up to 12m of 0.3% copper, 0.4 parts per million ("ppm") platinum and 0.6 ppm palladium.

The Hawkwood Project Agreement

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 amendment dated December 31, 2009, the Company has the option ("Hawkwood 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.

Under the Hawkwood 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, pursuant to the amendment dated December 31, 2009, the Company issued 1.5 million common shares with a fair value of $615,000 to Rowen (issued on June 5, 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 ($295,800) by December 31, 2010 (completed)
A$200,000 ($209,400) by December 31, 2011
A$500,000 ($523,500) 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 ($3.1) million in expenditures on the property for a total of A$4.0 ($4.2) million before December 31, 2017 and issue an additional 3 million common shares of the Company to Rowen.

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

During Q3 2011, Rugby completed a geochemical soil survey at the Mary Elizabeth gold prospect. The survey was conducted on a 450m X 900m grid and 117 soil and rock samples were collected. Assays are pending.

Eastern Iron Joint Venture Agreement

The Company entered into an agreement (the "Eastern Agreement") dated January 13, 2010 between Eastern Iron Limited ("Eastern Iron") and Rugby Mining Pty Ltd. with respect to certain portions of exploration permits 15289 and 17099 (the "Exploration Area") which comprises a part of the Hawkwood project. Under the terms of the Eastern Agreement, Eastern Iron can earn a 50% interest in the Exploration Area by funding an A$200,000 ($198,160) work program by February 10, 2011 and thereafter incurring an additional A$500,000 ($523,500) in exploration expenditures by February 10, 2013 ("Phase One"). On December 1, 2010, Eastern Iron provided notice that they had fulfilled their initial A$200,000 ($198,160) work program commitment. Eastern Iron can increase its interest in the Exploration Area to 80% by incurring an additional A$3.6 ($3.8) million in expenditures and completing a bankable feasibility study by 2018 ("Phase Two").

Exploration permit 15289 is subject to a 2% NSR held by Newcrest. Eastern is required to incur expenditures and complete a bankable feasibility study to earn its interest as follows:

Phase One

(i) A$200,000 ($197,200 minimum commitment by February 10, 2011); (completed)
(ii) A$200,000 ($209,400) by February 10, 2012 and
(iii) additional A$300,000 ($314,100) by February 10, 2013,

for total Phase One expenditures of A$700,000 ($732,900).

Phase Two

(i) additional A$300,000 ($314,100) by February 10, 2014
(ii) additional A$300,000 ($314,100) by February 10, 2015
(iii) additional A$1.0 ($1.0) million by February 10, 2016
(iv) additional A$1.0 ($1.0) million by February 10, 2017 and
(v) additional A$1.0 ($1.0) million by February 10, 2018,

for total Phase Two expenditures of A$3.6 ($3.8) million and cumulative expenditures of A$4.3 ($4.5) million.

On October 25, 2010, the Company reported that Eastern Iron's exploration drilling at the Hawkwood project had returned intersections of iron mineralization indicating potential for a large tonnage magnetite deposit. Eastern Iron reported that it had completed a 19 hole reverse circulation drilling program, specifically targeting the iron ore potential of the property. The 19 holes, comprising 1,848m returned multiple intersections with up to 112m of magnetite bearing gabbro. Drilled intervals averaged 23% contained magnetite over an average intersected width of 43m with individual assays returning up to 35% iron.

Selected Information

The Company's unaudited interim consolidated financial statements for the second quarter ended August 31, 2011 and 2010 (the "Interim Financial Statements") are prepared in accordance with International Financial Reporting Standards ("IFRS"). The changes in accounting policies have been applied consistently to the comparative period unless otherwise noted. The following selected financial information is taken from the Interim Financial Statements for the second quarter ended August 31, 2011.

Three months ended August 31, 2011

The Company ended the second quarter with $6,356,562 in cash. The Company spent $1,403,105 on project evaluation costs during the quarter, mainly at its Mabuhay project. Exploration activities on its Mabuhay project continued as the Company proceeded with its drilling program designed to explore for mineralization. Share-based compensation expense of $537,316 in the quarter was incurred primarily due to recognizing the expense associated with the vesting of stock options that were previously granted by the Company to its employees and consultants, and the repricing of options during the period.

Three months ended August 31, 2011 compared to the three months ended May 31, 2011

The loss in the three months ended August 31, 2011 of $1,975,959 is higher compared to the loss incurred in the three months ended May 31, 2011 of $1,627,823 due to a higher amount of project evaluation expense excluding share-based compensation recognized during the three months ended August 31, 2011. The majority of the increase was attributable to the increased amount of drilling at the Mabuhay project.

Six months ended August 31, 2011 compared to the six months ended August 31, 2010

The six months ended August 31, 2011 loss of $3,603,781 is significantly higher than the six months ended August 31, 2010 of $453,388. The increase in the loss was due to exploration expenses, net of share-based compensation, in 2011 being about $1,962,669 more than in 2010 as a result of the increased activities at the Mabuhay, Comita and Interceptor projects. In addition, there was an increase of approximately $948,942 in share-based compensation recognized during the six month period ended August 31, 2011 compared to August 31, 2010 due to a higher number of options outstanding and vesting.

Three months ended August 31, 2011 compared to the three months ended August 31, 2010

The loss in the three months ended August 31, 2011 of $1,975,959 is higher compared to the loss incurred in the three months ended August 31, 2010 of $297,726 as a result of the increased activities at the Mabuhay, Comita and Interceptor projects. In addition, there was an increase of approximately $410,567 in share-based compensation recognized during the three month period ended August 31, 2011 compared to August 31, 2010 due to a higher number of options vesting.

Three month period ended August 31,		**2011**		2010
Interest income	$	**16,800**	$	**-**
Project evaluation costs	$	**1,381,373**	$	**142,661**
Share-based compensation[1]	$	**537,316**	$	**126,749**
Net loss	$	**1,975,959**	$	**297,726**
Basic and diluted loss per common share	$	**0.06**	$	**0.01**
Number of shares outstanding		**33,850,472**		**21,695,000**

1) share-based compensation costs have been allocated to administrative, directors' fees, and project evaluation costs.

As at		**August 31, 2011**		February 28, 2011
Total assets	$	6,471,127	$	8,069,537
Total liabilities	$	396,324	$	326,472
Shareholders' equity	$	6,074,803	$	7,743,065
Deficit	$	(8,729,739)	$	(5,125,958)

The Company's cash position as at August 31, 2011 totaled $6,356,562 compared with $7,970,579 as at February 28, 2011. The funds are highly liquid and are available immediately. The Company has $396,324 (February 28, 2011 - $326,472) of current liabilities, with the increase reflecting the Company's level of site activity relating to drilling work.

Summary of Quarterly Results

	2012		2011				2010	
	2nd Quarter**	1st Quarter**	4th Quarter**	3rd Quarter**	2nd Quarter**	1st Quarter**	4th Quarter*	3rd Quarter*
Total Revenues	-	-	-	-	-	-	-	-
Loss for the period	1,975,959	1,627,822	1,972,050	894,534	297,726	155,662	846,095	197,391
Basic and diluted loss per common share for the period	$0.06	$0.05	$0.08	$0.04	$0.01	$0.01	$0.05	$0.01

* Canadian GAAP
** IFRS

Financial Condition, Liquidity and Capital Resources

As at August 31, 2011, the Company had cash resources of $6,356,562. The Company believes that its cash resources are sufficient to meet its currently planned expenditures. The Company will continue to utilize its cash resources to fund project exploration and administrative requirements. Aside from cash, the Company has no material liquid assets. There is no assurance that Rugby will be able to raise necessary funds through capital raisings in the future.

Management evaluates and adjusts its planned level of activities to ensure that adequate levels of working capital are maintained. The future availability of funding will affect the planned activity levels at the Company's projects and expenditures will be adjusted to match available funding.

The Company has no loans or bank debt and there are no restrictions on the use of its cash resources. The Company has not issued any dividends and management does not expect this will change in the near future.

Additional funds will be required in future to fund the ongoing exploration and planned development activities of the Company.

Contractual Obligations

The Company leases office space in Canada, Colombia and Philippines and has expenditure and option payments related to its properties. Option payments and property expenditure obligations are contingent on exploration results and can be cancelled at any time should exploration results so warrant. Other financial commitments are summarized in the table below:

		Payments Due by Year		
	Total	2012	2013-2014	2015-2016
Office lease				
- Canada *	$ 152,380	$ 21,769	$ 87,074	$ 43,537
- Foreign offices	22,750	22,750	-	-
Total	**$ 175,130**	**$ 44,519**	**$ 87,074**	**$ 43,537**

* The Company together with two associated companies has entered into a lease for office premises. The amount reflected above is the Company's share of the lease obligation.

Related Party Transactions

Amounts due to related parties of $52,955 at August 31, 2011 (February 28, 2011 - $116,544) is for administrative support fees, management, consulting and exploration fees, and for expenses incurred while conducting the Company's business. The amounts due to related parties are non-interest bearing and have no terms of repayment.

During the period ended August 31, 2011, related party transactions not otherwise disclosed in these financial statements are as follows:

a) Accrued project evaluation costs of $104,765 (August 31, 2010 - $55,380) to a company controlled by the Chief Executive Officer of the Company. As at August 31, 2011, the Company has amounts owing of $27,450 (February 28, 2011 - $48,760) to this company.

b) Paid or accrued administrative support fees of $155,996 (August 31, 2010 - $30,000) to a company with common directors. As at August 31, 2011, the Company has amounts owing of $25,505 (February 28, 2011- $67,784) to this company.

c) Paid or accrued rent expense of $15,706 (August 31, 2010 - $Nil) to a company controlled by a director of the Company. As of August 31, 2011 the Company has amounts owing of $Nil (February 28, 2011 - $Nil) to this company.

d) Paid or accrued consulting expense of $60,000 (August 31, 2010 - $Nil) to a company controlled by a director of the Company. As of August 31, 2011 the Company has amounts owing of $Nil (February 28, 2011 - $Nil) to this company.

Outlook

Rugby has four mineral exploration projects in its portfolio. These projects, which include the Comita Project, the Mabuhay Project, the Interceptor Project and the Hawkwood Project, are all at various stages of the exploration process. The Company currently has approximately $6.3 million in its treasury which is sufficient to fund its current exploration programs budgeted for the remainder of the fiscal year.

The Comita Project

During the quarter, the Company completed an airborne magnetic survey. The results from the airborne survey should be available in Q3 2012. Community development initiatives are currently in progress and the Company is planning a drill program commencing in early 2012 once the necessary government and community approvals have been obtained.

The Mabuhay Project

Rugby`s initial drill program was completed in Q3 2011 and comprised 8 drill holes totaling approximately 4,000m. The program intersected both epithermal gold and porphyry copper-gold mineralization. The technical team considers the Motherlode area to be the prime target area for a major new high grade epithermal gold-silver as well as for porphyry gold-copper discovery. The Motherlode drilling target was identified through induced polarization work completed during Q1 2011. Further drilling is planned upon access permit approval for the Motherlode mine area which is expected in early 2012.

The Hawkwood Project

The Company has joint-ventured portions of exploration tenements which are considered prospective for iron ore at its Hawkwood Project in Australia to Eastern Iron Limited, an Australian listed company. Rugby will undertake further exploration to follow up gold targets at Hawkwood that are not subject to the joint venture, in the latter half of the current fiscal year.

The Interceptor Project

In Argentina at the Interceptor Project, Rugby is planning a drill program for the latter part of the current fiscal year. Interceptor is located in Andes Mountains in northwestern Argentina where weather conditions in the region generally limit exploration activities to the South American summer months. The Interceptor project is drill ready and the exploration team has identified a porphyry target for the coming drill program based on previous sampling work, magnetic and induced polarization surveys.

Proposed Transactions

The Company continues to investigate new opportunities. Should the Company enter into agreements in the future on new properties, it may be required to make cash payments and complete work expenditure commitments under those agreements.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Financial Instruments

The Company's financial instruments consist of cash and accounts payable. 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 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 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 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 consist of cash held in bank accounts 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 August 31, 2011. Future cash flows from interest income on cash 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, Colombian, Argentine, Philippine 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 currently held in foreign currencies. The Company's foreign currency risk is increasing with the increased expenditures being incurred and the related increases in foreign currency payables. 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.

The Company had the following balances in foreign currency as at August 31, 2011 and February 28, 2011:

	August 31, 2011				
	Argentine Pesos	Philippine Pesos	Colombian Pesos	US Dollars	Australian Dollars
Cash	38,162	3,748,279	122,849,682	163,809	-
Accounts receivable	10,173	89,016	7,532,242	-	-
Accounts payable	(68,784)	(6,414,729)	(22,442,627)	(78,538)	(70,908)
Net balance	(20,449)	(2,577,434)	107,939,297	(85,271)	(70,908)
Equivalent in Canadian Dollars	(4,517)	59,281	53,970	(83,429)	(74,241)
Rate to convert to $1.00 CDN	0.2209	0.0230	0.0005	0.9784	1.0470

	February 28, 2011			
	Argentine Pesos	Philippine Pesos	US Dollars	Australian Dollars
Cash	328,483	9,700,174	16,818	-
Accounts receivable	7,943	-	-	-
Accounts payable	(161,696)	(178,400)	(47,336)	(50,524)
Net balance	174,730	9,521,774	(30,518)	(50,524)
Equivalent in Canadian Dollars	40,939	213,288	(29,645)	(50,059)
Rate to convert to $1.00 CDN	0.2343	0.0224	0.9714	0.9908

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.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board required all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's first filing under IFRS was the Q1 2011 filing which contains IFRS compliant financial statements on a comparative basis. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy.

IFRS Transition

The Company developed a conversion implementation plan comprising three major phases. These include a scoping and planning phase, a design and build phase and an implement and review phase. The Company has completed the scoping and planning phase and the design and build phase and implement phase. The review phase will continue in future periods.

The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Initial scoping and analysis of key areas for which changes to accounting policies may be required.	Completed.
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time adoption of International Financial Reporting Standards.	Completed.
Final determination of accounting policies and the quantitative impact of adopting IFRS on key line items in the Company's financial statements.	Completed in conjunction with the Q1 2011 IFRS financial statements.
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements.	Completed in conjunction with the Q1 2011 IFRS financial statements.

The Company's staff and advisers involved in the preparation of financial statements have been appropriately trained on the relevant aspects of IFRS affecting the Company and the changes to accounting policies. The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and are aware of the key aspects of IFRS affecting the Company.

Note 3 to the condensed interim consolidated financial statements includes additional detail on our key Canadian GAAP to IFRS differences, our accounting policy decisions and IFRS, First-Time Adoption of International Financial Reporting Standards, optional exemptions for significant or potentially significant areas that have had an impact on our financial statements on transition to IFRS or may have an impact in future periods.

Impact of Adopting IFRS on the Company's Financial Statements

i. A reconciliation between the Canadian GAAP and IFRS consolidated statements of financial position at August 31, 2010 is provided below:

	August 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
Assets			
Current			
Cash	$ 653,247	$ -	$ 653,247
Prepaid expenses and other	50,583	-	50,583
	703,830	-	**703,830**
Property and equipment	19,890	-	19,890
Total Assets	**$ 723,720**	$ -	**$ 723,720**
Liabilities			
Current			
Accounts payable and	$ 105,236	$ -	$ 105,236
Due to related parties	56,686	-	56,686
	161,922	-	**161,922**
Shareholders' Equity			
Share capital	2,432,110	-	2,432,110
Contributed surplus	389,062	-	389,062
Deficit	(2,259,374)	-	(2,259,374)
	561,798	-	561,798
Total Liabilities and Equity	**$ 723,720**	$ -	**$ 723,720**

ii. A reconciliation between the Canadian GAAP and IFRS comprehensive loss for the three and six months period ended August 31, 2010 is provided below:

	Three months ended August 31, 2010			Six months ended August 31, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**	**Canadian GAAP**	**Effect of transition to IFRS**	**IFRS**
Expenses						
Administrative	$ 38,563	$ -	$ 38,563	$ 75,176	$ -	$ 75,176
Amortization	905	-	905	1,498	-	1,498
Bank charges	1,969	-	1,969	2,198	-	2,198
Directors' fees	76,094	-	76,094	120,952	-	120,952
Insurance	3,087	-	3,087	5,638	-	5,638
Professional fees	22,662	-	22,662	47,344	-	47,344
Project evaluation	142,661	-	142,661	186,704	-	186,704
Shareholder communications	8,042	-	8,042	8,042	-	4,747
Transfer agent	3,283	-	3,283	5,376	-	5,376
Travel	460	-	460	460	-	460
Net loss and comprehensive loss for the year/period	**$ 297,726**	**$ -**	**$ 297,726**	**$ 453,388**	**$ -**	**$ 453,388**
Deficit at beginning of year/period	**1,961,648**	-	**1,961,648**	**1,805,986**	-	**1,805,986**
Deficit at end of year/period	**$ 2,259,374**	**$ -**	**$ 2,259,374**	**$ 2,259,374**	**$ -**	**$ 2,259,374**

Notes to the IFRS reconciliation above:

There were no differences noted between the Canadian GAAP and IFRS comprehensive loss for the three and six months period ended August 31, 2010

Changes in Accounting Policy and Disclosures

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial instruments - Classification and Measurement (IFRS 9); IFRS 10, Consolidated Financial Statements (IFRS 10); IFRS 11, Joint Arrangements (IFRS 11); IFRS 12, Disclosure of Interests in Other Entities (IFRS 12); IAS 27, Separate Financial Statements (IAS 27); IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Also in June 2011, the IASB amended IAS 19, Employee Benefits (IAS 19) and IAS 1, Presentation of Financial Statements (IAS 1), which has not yet been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

IAS 19 - Post-Employment Benefits

In June 2011, the IASB issued an amended version of IAS 19, Employee Benefits ("IAS 19"). The amendments to IAS 19 are meant to improve the quality, transparency and comparability of information presented for post-employment benefits. For defined benefit plans, the amendments eliminate the option to defer actuarial gains and losses on the balance sheet through the "corridor method". The amendments also require any remeasurement gains or losses, including actuarial gains and losses, to be recognized immediately and presented in other comprehensive income, eliminating the option to recognize and present these through the income statement. Additional disclosures will also be required to present better information about the characteristics, amounts recognized, and risks related to defined benefit plans. The amendments to IAS 19 are effective for financial years beginning on or after January 1, 2013 with earlier adoption permitted. The Company does not have post-employment benefits thus this policy will not have an impact on the Company's financial statements.

IAS 1 – Presentation of Financial Statements

This standard requires companies preparing financial statements under IFRS to group items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statements or two consecutive statements. The amendments to IAS 1 set out in Presentation of Items of OCI and are effective for fiscal years beginning on or after July 1, 2012.

IFRS 9 – Financial instruments - Classification and Measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

Risks and Uncertainties

General

The Company is engaged in the acquisition, exploration and, if warranted, development of mineral resource properties. The Company does not produce, develop or sell any mineral products at this time. All of the Company's properties are in the exploration stage and consequently do not generate any operating income or cash flow from operations. The Company has relied on equity capital to finance its activities in the past and will continue to do so for the foreseeable future.

Business Cycles

The mineral exploration business is affected by fluctuations in commodity price cycles. The marketability of minerals and mineral concentrates is also affected by worldwide economic cycles. Although the Company does not have producing mining operations, its ability to finance its mineral exploration programs is related and sensitive to the market prices of gold, silver and other precious metals. Metal prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases, production, global or regional political, economic or financial situations and other factors beyond the control of the Company.

Risk Factors

The activities of the Company are speculative due to the high risk nature of its business which is the acquisition, financing, exploration and development of mineral exploration properties. The following risk factors, which are not exhaustive, 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. These risks include but are not limited to the following:

We have no operating history.

Although all persons who will be involved in the management of the Company have had long experience in their respective fields of specialization, we have no operating history upon which prospective investors can evaluate our performance.

We are subject to substantial environmental requirements which could cause a restriction or suspension of our operations.

The Company is subject to substantial environmental requirements which could cause a restriction or suspension of certain operations. The current and anticipated future operations of the Company require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing various elements of the mining industry. The Company's exploration activities in Colombia, the Philippines, Argentina and Australia are subject to various Federal, Provincial and local laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company seek permits from various governmental agencies the granting of which may be beyond its control.

We operate in the resource industry, which is highly speculative, and has certain inherent exploration risks which could have a negative effect on our operations.

The exploration for and development of mineral deposits involves significant risks which careful evaluation, experience and knowledge may not, in some cases, fully mitigate. Identifying mineral deposits is a time consuming and expensive business and the commercial viability of any mineral deposit, if found, depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit.

Properties held under option

Certain of our mineral exploration properties are currently held under option. We have no ownership interest in these properties until we meet, where applicable, all required property expenditures, cash payments, and common share issuances. If we are unable to fulfill the requirements of these option agreements, it is likely that we would be considered in default of the agreements and the option agreements could be terminated resulting in the complete loss of all expenditures and required option payments made on the properties to that date.

No known mineral resource or reserves

The Company is in the process of exploring for mineral deposits and has no known mineral resources or reserves and, if found, such mineral resources or resources may not prove to be economic, which would have a negative effect on the Company's operations and valuation. The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit. Some of the areas in which the Company is exploring for minerals have little or no infrastructure including roads, power or water and the cost of conducting exploration in such environments is correspondingly increased.

Laws and regulations

In certain countries, the ownership of mining rights is limited or is subject to interpretation of various laws. In the event of such interpretation being found to be different, it could negatively affect the Company's ability to secure or retain ownership of mineral properties.

The Company's mineral exploration is, and any development activities will be, subject to various Colombian, Philippine, Argentine, and Australian laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Some of the mineral properties which the Company is exploring are located within forest reserves or adjacent to designated parks and special permits are required in order for it to commence exploration activities which can affect the environment within such areas. The availability of such permits has not yet been fully established by the Company. Exploration generally requires one form of permit while development and production operations require additional permits. There can be no assurance that all permits which we may require for future exploration or possible future development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to us or our properties. This could have a negative effect on our exploration activities or our ability to develop our properties.

As we are presently at the early exploration stage with all of our properties, the disturbance of the environment is limited and the costs of complying with environmental regulations are minimal. However, if operations result in negative effects upon the environment, government agencies will likely require us to provide remedial actions to correct the negative effects.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Access to capital

We have limited financial resources and no operating cash flow. The Company expects to incur net cash outlays until such time, if ever, as its properties enter into commercial production and generate sufficient revenues to fund continuing operations. The development of mining operations would require the commitment of substantial resources for operating expenses and capital expenditures, which are likely to increase in subsequent years as needed consultants, personnel, materials and equipment associated with advancing exploration, development and commercial production of our properties are added. Currently inflation in some of the countries in which the Company is active in mineral exploration is unofficially estimated at 25% to 30% per annum.

The amounts and timing of expenditures incurred by the Company will depend on the progress and success of ongoing exploration, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the acquisition of additional properties, and other factors, many of which are beyond the Company's control. The sources of financing the Company may use for these purposes include public or private offerings of equity or debt. In addition, the Company may enter into strategic alliance, sell certain of its assets or utilize a combination of all of these alternatives. There can be no assurance that financing will be available on acceptable terms, or at all.

Recent global market events and conditions including disruptions in the Canadian, United States, European and other international credit markets and other financial systems may, among other things, impede the Company's access to capital or increase the cost of capital, both of which could have an adverse effect on the Company's ability to fund its operating, exploration and other requirements. These unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. The Company may not be able to access capital on acceptable terms to the Company, or at all. If we are unable to obtain sufficient financing in the future, we might have to dramatically slow exploration efforts and/or lose control of our projects. If equity financings are required, then such financings could result in significant dilution to existing or prospective shareholders.

Political and economic uncertainties

The Company's property interests and exploration activities are carried out in foreign countries, principally Colombia,

the Philippines, Argentina and Australia. Accordingly, the Company's activities are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, the rights of indigenous peoples and local communities, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions and fluctuations, changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important resources and facilities such as mineral resources and mines, could have a significant effect on us. Any changes in regulations or shifts in political attitudes are beyond our control and may adversely affect our business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on foreign ownership of mineral resources, future exploitation and production, price controls, export controls, foreign exchange controls, income and/or mining royalties and taxes, expropriation of property, environmental legislation and mine and/or site safety. No assurances can be given that our plans and operations will not be adversely affected by future developments in the countries in which our company operates. The Company does not maintain political risk insurance.

Some of the Company's properties are located in countries which have experienced difficult personal security environments where some acts of kidnapping, terrorism and extortion have been reported. The cost of operating in such environments is increased by the need for site and personnel security and support.

Title to properties

In certain countries, the ownership of mining rights and, in particular, foreign ownership, is limited or is subject to interpretation of various laws. In the event of such interpretation being found to be different, it could negatively affect the Company's ability to retain or secure ownership of mineral properties.

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unrecorded agreements or transfers or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Company's properties, which, if successful, could impair development and/or operations. In addition, mineral properties may be leased and may be subject to defects in title. Only a preliminary legal survey of the boundaries of some of our properties has been done and, therefore, in accordance with the laws of the jurisdictions in which these properties are situated, their existence and area could be in doubt. If title is disputed, we will have to defend our ownership through the courts. In the event of an adverse judgment, we would lose our property rights.

The natural resource industry is highly competitive

We compete with other exploration resource companies which have similar operations, and many competitors have operations, financial resources and industry experience greater than ours. This may place us at a disadvantage in acquiring, exploring and developing properties. These other companies could outbid us for potential projects or produce minerals at lower costs which would have a negative effect on our operations.

Dependence on key personnel

We depend on the business and technical expertise of our management and key personnel, including Paul Joyce, the President and Chief Executive Officer. It is unlikely that this dependence will decrease in the near term. As our operations expand, additional general management resources will be required. We may not be able to attract and retain additional qualified personnel and this would have a negative effect on our operations. We have entered into a formal services agreement with Paul Joyce, our President and Chief Executive Officer. We maintain no "key man" life insurance on any members of our management or directors.

Conflicts of interest

Certain of our directors and officers are also directors and/or officers and/or shareholders of other natural resource companies. While we are engaged in the business of exploring for and, if appropriate, exploiting mineral properties, such associations may give rise to conflicts of interest from time to time. Our directors are required by law to act honestly and in good faith with a view to uphold the best interests of the Company and to disclose any interest that they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of our board of directors, any director in a conflict must disclose his interest and abstain from voting on the matter. In determining whether or not we will participate in any project or opportunity, our directors will primarily consider the degree of risk to which we may be exposed and our financial position at the time.

The market for our common shares is subject to volume and price volatility which could negatively affect a shareholder's ability to buy or sell our common shares.

The market for our common shares may be highly volatile for reasons both related to our performance or events pertaining to the industry (i.e. mineral price fluctuation/high production costs/accidents) as well as factors unrelated to us or our industry such as economic recessions and changes to legislation in the countries in which we operate. In particular, market demand for products incorporating minerals in their manufacture fluctuates from one business cycle to the next, resulting in changes in demand for the mineral and an attendant change in the price for the mineral. Since our listing on the TSX Venture Exchange, the price of our common shares has fluctuated between $0.18 and $1.98. Our common shares can be expected to be subject to volatility in both price and volume arising from market expectations, announcements and press releases regarding our business, and changes in estimates and evaluations by securities analysts or other events or factors. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly small-capitalization companies such as the Company, have experienced wide fluctuations that have not necessarily been related to the operations, performances, underlying asset values, or prospects of such companies. For these reasons, our common shares can also be subject to volatility resulting from purely market forces over which we will have no control such as that experienced recently resulting from the on-going credit crisis centred in the United States. Further, despite the existence of a market for trading our common shares in Canada, our shareholders may be unable to sell significant quantities of our common shares in the public trading markets without a significant reduction in the price of the stock.

Management's Responsibility for the Financial Statements

The Audit Committee is responsible for reviewing the contents of this document along with the interim quarterly financial statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight. There have been no changes in the Company's disclosure controls and procedures during the six months ended August 31, 2011.

Additional Information

Subsequent to August 31, 2011, disinterested shareholders approved the reduction of the exercise price of 920,000 incentive stock options held by insiders of the Company from $1.81 to $1.15.

As at October 31, 2011 the Company had 34,700,000 common shares issued and outstanding, of which 3,155,000 are held in escrow, and had outstanding options as follows:

	Number	Weighted Average Exercise Price
Options:	6,285,000	$0.72

Directors and Officers

Directors:	Officers:
Paul Joyce	Paul Joyce, President and CEO
Bryce Roxburgh	Darcy Daubaras, CFO
Yale Simpson	
Robert Reynolds	
Cecil Bond	
Louis Montpellier	

Contact Person

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