Management's Discussion and Analysis

February 28, 2013

Rugby Mining Limited

Management's Discussion and Analysis
For the year ended February 28, 2013

June 25, 2013

In this document: (i) unless the content otherwise requires, references to "our", "we", "us", "its", "the Company" or "Rugby" mean Rugby Mining Limited and its subsidiaries; (ii) information is provided as of February 28, 2013, unless otherwise stated; and (iii) "$" refers to Canadian Dollars, "US$" refers to US dollars and "A$" refers to Australian dollars.

The following information should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended February 28, 2013.

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 timing of drilling, timing for receipt of permits, 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 and Comita properties, the Company's ability to mitigate foreign exchange risk, 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 its various projects.

Certain statements contained in this MD&A constitute forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that this document was prepared, the statements are not a guarantee of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. Such factors and assumptions include, amongst others, the effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, misjudgements in the course of preparing 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 related to the Company's lack of revenues from operations and its continued ability to fund ongoing and planned exploration and possible future mining operations;
- risks related to the Company's history of losses, which are likely to continue to occur in the future;
- risks related to the on-going credit crisis in the United States and Europe and the Company's ability to raise capital in the future to fund its operations;
- risks related to operating within foreign currency regulations in Colombia and the Philippines and the enactment or enforcement of additional restrictions;

- changes in the market price of gold and silver, and other minerals which in the past have fluctuated widely and which could affect the Company's ability to finance its ongoing activities as well as the profitability of possible future operations and financial condition;

- risks related to currency fluctuations;

- uncertainties relating to interpretation of drill results and the geology, continuity and grade of mineral deposits;

- risks related to the dangers of mineral exploration, including conditions or events beyond the Company's control;

- uncertainty in the Company's ability to obtain and maintain certain permits necessary for current and anticipated operations;

- risks related to the Company being subject to environmental laws and regulations which may increase the costs of doing business and/or restrict activities;

- risks related to land reclamation requirements which may be burdensome;

- risks over the uncertainty in the Company's ability to attract and maintain qualified management and other personnel to meet the needs of anticipated growth and risks relating to its ability to manage growth effectively;

- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title as well as risks associated with the foreign ownership of mineral properties in jurisdictions such as the Philippines, which may affect the Company's ability to continue exploration and development activities;

- risks related to increased competition that could adversely affect the Company's ability to attract necessary capital funding or acquire suitable properties for mineral exploration in the future;

- risks related to officers and directors becoming associated with other natural resource companies which may give rise to conflicts of interests;

- the volatility of the Company's Common Share price and volume;

- tax consequences to Canadian shareholders and United States shareholders; and

- risks relating to potential claims by indigenous people over the Company's mineral properties.

The above is not an exhaustive list 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. Although the Company has attempted to identify important risk factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other risk factors that cause actions, events or results not to be as anticipated, estimated or intended. 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.

All statements are made as of the date of this MD&A and the Company is under no obligation to update or alter any forward-looking statements except as required under applicable securities laws.

Description of Business

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

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, 2013.

The Company began the year with 34,700,000 shares outstanding and ended the year with 46,035,000 shares outstanding.

Projects

Cobrasco Porphyry Copper Gold Project, Colombia

The Cobrasco Porphyry Copper Gold Project ("Cobrasco") is located 100 kilometres ("km") southwest of Medellin in the Choco Region of Colombia.

The 100% Rugby owned Cobrasco concession was purchased by the Company in an arm's length transaction in April 2013. The concession covers 3,000 hectares and is located to the immediate north and south of the Comita concession currently under option to Rugby. The project is subject to a 1% Net Smelter Royalty to Rio Tinto.

The area's geological potential 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 copper porphyry style mineralization. The zone of strong stream sediment copper anomalism covers a district sized area of approximately 8 square kilometres ("sq km"). The Cobrasco concession covers 3,000 hectares within two blocks immediately to the north and south of the Comita concession, a separate project under option to the Company.

Cobrasco 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. In 2011, Rugby completed a low level aeromagnetic survey which produced information that will be used in the planning of future drill programs.

Significantly, the Company has completed a Consulta Previa ("CP") agreement with the local Cocomacia communities which provides immediate exploration access to the Cobrasco concession area for a period of ten years. The agreement is broadly based and provides for economic assistance to the local community as well as social development programs. The CP consultation process was carried out by the Company, Cocomacia and local community leaders under the supervision of the Colombian Ministry of the Interior. This is the first successful mineral exploration CP to be carried out in Choco Province.

Exploration of Cobrasco will commence in June with a focused program of geological mapping, geochemical sampling and ground-based geophysical surveys. This work will assist in drill targeting within the large historic geochemical anomaly on the property. An application for a drilling permit will follow this program, with approval anticipated by year end.

Commencement of exploration at Comita is awaiting transfer of the property to the Company and the successful completion of a CP allowing access to the area.

The Cobrasco Purchase

On June 6, 2013 the Company announced that it had acquired the Cobrasco concession in an arm's length transaction and it is subject to a 1% net smelter royalty ("NSR") to Rio Tinto.

<u>Comita Porphyry Copper Gold Project, Colombia</u>

The Comita Porphyry Copper Gold Project ("Comita") is located 100 km southwest of Medellin in the Choco Region of Colombia and is found directly adjacent to Rugby's Cobrasco concession.

Similar to Cobrasco, the area's geological potential was first recognized during the 1980's by BGR reconnaissance exploration program which identified extensive and strongly anomalous copper stream sediment geochemistry which defined outcropping copper porphyry style mineralization. The zone of strong stream sediment copper anomalism covers a district sized area of approximately 8 square km. Comita, which covers an area of 15 sq km, comprises one granted Contract Concession (JB5-08011).

Comita is situated within undulating terrain with elevation ranging up to 900 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.

Commencement of exploration at Comita is awaiting transfer of the property to the Company and the successful completion of a CP allowing access to the area.

The Comita Agreement

On October 12, 2010, the Company announced it had entered into an option agreement (the "Comita Agreement") over Comita, granting the Company 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 the title holder, 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 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 over the following four years with minimum annual expenditures of US$250,000 (year 2 minimum expenditure incurred) 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 the initial 5 year option. 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% 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 million in expenditures, including 20,000 m of drilling with minimum annual expenditures of US$1.0 million on or before October 21, 2018.

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 center of the project's tenements.

Past drilling conducted on Mabuhay, which targeted the epithermal vein system at Mother Lode, returned significant results including 15.5 m at 5.9g/t gold and 3.9 m at 18.1g/t gold. Rugby plans to 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 4,000 m testing geophysical anomalies that were defined. Significant intersections include 540 m at 0.24% Cu, 0.2 g/t Au and 88 ppm Mo. Further drilling is planned following permitting approval for the Mother Lode mine area which is expected late in 2013.

As a result of a Philippine government moratorium on the granting of new MPSA titles pending legislation enacting a revised revenue sharing scheme, Rugby and its exploration joint venture partner, All-Acacia Resources Inc., have agreed to convert the Mineral Production Sharing Agreement ("MPSA") Application to an Application for an Exploration Permit ("EP"). The EP application was submitted to the government in April 2013. Until the EP is granted the project will remain under care and maintenance.

The Mabuhay Agreement

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.

Under the Mabuhay Agreement, in order to maintain its option, the Company is required to make staged payments to Pelican and All-Acacia totaling US$900,000 over three years (US$50,000 paid), future payments have been deferred until the MPSA is approved by the federal authorities, incur staged expenditures of US$6.5 million over six years, of which approximately US$1.9 million has been incurred, and complete a pre-feasibility study to earn its interest and exercise its option to the Mabuhay project. In addition, the Company has paid Pelican a signature fee of US$20,000. Pelican will be paid a further US$5.0 million if commercial production commences at Mabuhay. As a result of a Philippine government moratorium on the granting of new MPSA titles pending legislation enacting a revised revenue sharing scheme, the Company and its exploration joint venture partner, All-Acacia, have agreed to convert the MPSA Application to an Application for an Exploration Permit ("EP"). The EP application was submitted to the government in April 2013. Until the EP is granted the project will remain under care and maintenance.

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. This amount has been deferred until the EP is approved by the federal authorities.

Interceptor Gold Copper Project, Argentina

The Interceptor porphyry gold copper project ("Interceptor") is located in Catamarca Province in Northern Argentina.

In 1997 Newcrest Mining Ltd identified gold and copper mineralization in a sediment-intrusive complex at Interceptor. Eight bulldozer trenches totaling 2,000 m 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:

- 39 m at an average grade of 0.56 g/t gold
- 39 m at 1.22 g/t gold
- 42 m 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 100 m wide. Colluvial cover obscures the true extent of the mineralization. Previous geophysical surveys identified a strong IP anomaly which appears to be open and widening to the south.

The Interceptor Agreement

On November 23, 2010, the Company entered into an option agreement (the “Interceptor Agreement”) to acquire 100% of the Interceptor porphyry gold copper project in Catamarca Province, Argentina. The Interceptor Agreement granted the Company a 6 year option to acquire 100% of certain titles. The Company made option payments totaling US$100,000 and incurred mineral property exploration expenditures of $1,748,726.

On February 28, 2013 the Company provided notice to the optioner, and relinquished the Interceptor property.

<u>The Zonda Gold-Copper Porphyry Project, Argentina</u>

The Zonda Agreement

On November 28, 2011, the Company announced it had entered into an option agreement to acquire 100% of the Zonda gold-copper porphyry project (“Zonda”) in the San Juan Province, Argentina. The Zonda Agreement granted the Company a 6 year option to acquire 100% of the Zonda project. Under the Zonda Agreement the Company made signature fees and option payments totaling US$100,000.

On February 28, 2013 the Company provided notice to the optioner, and relinquished the Zonda property.

<u>Hawkwood Property, Australia</u>

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 3 m in trenches and drill results of 0.51% copper over 20 m, from a depth of 2 m. In addition, trenching results from the mid 1990’s are also reported to include up to 12 m 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 amendments 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 as a non-refundable deposit and a further A$200,000 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*, at its option, as follows:.

(i) In order to acquire an initial 60% interest in Sunland:
A$300,000 by December 31, 2010 (completed)
A$200,000 by December 31, 2011 (completed)
A$500,000 by December 31, 2013 (completed); and

The Company must provide written formal notice to Rowen of its intention to exercise the option to acquire the initial 60% interest above. This notice has not been given.

(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, issue an additional 3 million common shares to Rowen.

* Eligible expenditures under the Hawkwood Option include expenditures incurred by the Company and Eastern Iron Limited ("Eastern Iron"), under their agreement with Rugby Pty Limited (see Eastern Iron Joint Venture Agreement, Australia).

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

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 Company's Hawkwood project. Under the terms of the Eastern Agreement, Eastern Iron has earned a 50% interest in the Exploration Area by funding an A$700,000 exploration expenditure work program by February 10, 2013 ("Phase One"). Eastern Iron can increase its interest in the Exploration Area to 80% by incurring an additional A$3.6 million in expenditures and completing a bankable feasibility study by February 10, 2018 ("Phase Two").

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

<u>Phase One (Completed)</u>
Total Phase One expenditures of A$700,000.

<u>Phase Two</u>
(i) additional A$300,000 by February 10, 2014
(ii) additional A$300,000 by February 10, 2015
(iii) additional A$1.0 million by February 10, 2016
(iv) additional A$1.0 million by February 10, 2017 and
(v) additional A$1.0 million by February 10, 2018,
for total Phase Two expenditures of A$3.6 million and cumulative expenditures of A$4.3 million.

Selected Information

The Company's annual consolidated financial statements for the year ended February 28, 2013 (the "Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Year ended February 28, 2013

The Company ended its 2013 fiscal year with $5,102,961 in cash and cash equivalents. The Company incurred $1,868,916 on project evaluation costs during the year, and share-based compensation expense of $971,885. Share-based payment expense is lower than in the past two years as those options granted during the current year were granted late in the year so less vesting had taken place.

Year ended February 28, 2013 compared to the year ended February 29, 2012

At February 28, 2013, the Company had $5,102,961 in cash and cash equivalents, $776,739 more than the $4,326,222 that was held at February 29, 2012. The increase relates to a non-brokered private placement which took place in January 2013 resulting in net proceeds of $2,946,643 to the Company, which was offset by the cash resources utilized during the year to fund its project exploration and administrative requirements.

The Company currently has no revenue generating activities other than interest income. Interest income of $33,756 was recognized for the year ended February 28, 2013 compared to $68,905 for the same period in 2012. The decrease in 2013 was due to the utilization of cash in funding project exploration and administrative activities.

Significant variance:

- Project evaluation: $1,868,916 (2012 - $4,292,277), the decrease is largely attributable to:
    - A decrease in activities at its projects and specifically the Mabuhay and Interceptor projects where costs decreased by $1,187,843, and $1,100,353 respectively in 2013. The Company undertook drill programs at the projects for the year ended February 29, 2012 and incurred significant drilling, assays, wages and field camp costs. For the year ended February 28, 2013, the Company did not incur any costs at Mabuhay for drilling or assaying, and only limited drilling and assaying at Interceptor.

Three months ended February 28, 2013 compared to the three months ended February 29, 2012

For the three month period ended February 28, 2013, the Company recorded a loss of $1,062,507 ($0.02 per share) compared to a loss for the same period in 2012 of $1,460,810 ($0.05 per share). The majority of the change was attributable to a decrease in project evaluation expense and share-based compensation during the three month period ended February 28, 2013. In 2012, the Company initiated a drill program at its Mabuhay project which resulted in significant costs pertaining to drilling, assays, field camp and geological being incurred. For the same period in 2013, no drilling was conducted at Mabuhay as the Company was waiting for government approval to re-commence activities and as a result focused its efforts on its other projects.

The following is a summary of yearly results taken from the Company's consolidated financial statements:

		2013		2012		2011
Interest income	$	**33,756**	$	68,905	$	22,051
Project evaluation costs	$	**1,868,916**	$	4,292,277	$	1,612,672
Share-based compensation*	$	**971,885**	$	2,172,148	$	1,859,085
Net loss	$	**3,447,879**	$	6,629,135	$	3,312,821
Basic and diluted loss per common share	$	**0.09**	$	0.20	$	0.14
Number of shares outstanding		**46,035,000**		34,700,000		32,052,500

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

As at		**February 28, 2013**		February 29, 2012		February 28, 2011
Total assets	$	5,258,464	$	4,528,676	$	8,069,537
Total liabilities	$	287,192	$	431,846	$	326,472
Shareholders' equity	$	4,971,272	$	4,096,830	$	7,743,065
Deficit	$	(15,195,821)	$	(11,747,942)	$	(5,118,807)

The following selected financial information is a summary of the eight most recently completed quarters up to February 28, 2013.

Summary of Quarterly Results

	2013				2012			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Total Revenues		-	-	-	-	-	-	-
Loss for the period ($)	1,057,507	940,933	558,050	886,389	1,460,810	1,564,544	1,975,959	1,627,822
Basic and diluted loss per common share for the period	$0.01	$0.03	$0.02	$0.03	$0.05	$0.05	$0.05	$0.05

Financial Condition, Liquidity and Capital Resources

As at February 28, 2013 the Company had cash resources of $5,102,961. The Company believes that its cash resources are sufficient to meet its currently planned expenditures. However upon receipt of necessary government approvals to commence drilling at Comita or Mabuhay, the Company will be required to raise additional funds to complete expenditures required to maintain its options over the properties. In addition should the Company acquire new projects it will be required to raise funds to meet any expenditure and/or option payment obligations. 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 the Company will be able to raise necessary funds through capital raisings in the future, and to maintain its treasury in these times of difficult access to risk funding, the Company is undertaking efforts to reduce corporate overheads.

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.

Related Party Transactions

a) During the year ended February 28, 2013, a total of $238,525 (2012 - $302,693) was paid or accrued for related party transactions with directors or officers of the Company for project evaluation costs, administrative support fees, rent and consulting fees. Amounts due to related parties of $27,228 at February 28, 2013 (February 29, 2012 - $48,747) are non-interest bearing and are due on demand.

On January 1, 2011, the Company entered into cost sharing agreement with Extorre Gold Mines Limited ("Extorre") and Exeter Resource Corporation ("Exeter") pertaining to costs associated with administrative support, office overhead and travel that the three companies had in common. The percentage allocation of these costs was such that the Company incurred 20% with Extorre and Exeter each incurring 40% respectively. This agreement remained in place until the purchase of Extorre by Yamana Gold Inc. ("Yamana") on August 22, 2012.

b) The Company, along with Exeter, incurs certain expenditures for staff and exploration expenditures on behalf of each other. The net amount paid or accrued by the Company to Exeter during the year ended February 28, 2013 was $296,672 (2012 - $290,536). As at February 28, 2013, the Company had amounts payable of $133,095 (February 29, 2012 - $22,580) to Exeter. The amounts due to Exeter are non-interest bearing and are due on demand.

c) The Company, along with Extorre, incurred certain expenditures for staff and exploration expenditures on behalf of each other until the purchase of Extorre by Yamana on August 22, 2012. The net amount paid or accrued by the Company to Extorre for the period to August 22, 2012 was $9,503 (2012 - $Nil). As at February 29, 2012, the Company had amounts receivable of $6,415 from Extorre. The amounts due from Extorre were non-interest bearing and due on demand.

Outlook

Rugby has four significant mineral exploration projects in its portfolio. These projects, which include Cobrasco, Comita, Mabuhay, and Hawkwood, are all at various stages of the exploration process. At February 28, 2013 the Company had approximately $5.1 million in its treasury which is sufficient to fund its current exploration programs budgeted for the next twelve months.

The Cobrasco Project, Colombia

Exploration at the newly acquired Cobrasco Project is expected commence in June 2013. The planned program of geological mapping, geochemical sampling and ground-based geophysical surveys is designed to assist in drill targeting of the identified geochemical anomaly. An application for a drilling permit will follow this program, with approval anticipated by year end.

The Comita Project, Colombia

Rugby is continuing to advance its community socialization program, prior consultation process and baseline environmental studies which are necessary before a drilling program at Comita can be initiated. It is anticipated that certain non-drilling exploration activities will commence in 2014.

The Mabuhay Project, Philippines

Rugby's initial drill program at Mabuhay was completed in late 2011 and comprised 8 drill holes totaling approximately 4,000 m. That program intersected both epithermal gold and porphyry copper-gold mineralization. The Company believes further potential for the discovery of both epithermal gold deposits and gold-copper porphyry systems exists on a target known as the Mother Lode which is yet to be drilled by Rugby.

The Company has commenced the process of converting its MPSA to an Exploration Permit ("EP") application. Until the EP is granted the project will remain under care and maintenance.

The Hawkwood Project, Australia

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. The Company plans to undertake further exploration to follow up on gold targets at Hawkwood that are not subject to the joint venture.

Financial Instruments

(a) Fair Value

The carrying amount of amounts receivable, due from related party, accounts payable and accrued liabilities and due to related parties approximates fair value due to the short term of these financial instruments.

(b) Financial Risk Management

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange currency risk, liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits the majority of its cash with high credit quality financial institutions in Canada and holds balances in banks in Argentina, Colombia and Philippines as required to meet current expenditures. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Currency risk

The Company operates in Canada, Colombia, the Philippines, Argentina and Australia and it is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities are denominated in several currencies (mainly Canadian Dollars, US Dollars, Australian Dollars, Argentinean Peso, Colombian Peso and Philippine Pesos) and are therefore subject to fluctuation against the Canadian Dollar. Such foreign currency balances, which are held in the Company's Australian, Argentine, Colombian and Philippine subsidiaries, are subject to fluctuations against the Australian Dollar, Argentine Peso, Colombian Peso, and Philippine Peso respectively.

The Canadian parent company had the following balances in foreign currency as at February 28, 2013 and February 29, 2012:

February 28, 2013

	US Dollars	Australian Dollars
Cash	35,565	-
Accounts payable	(12,967)	(16,238)
Net balance	(22,598)	(16,238)
Equivalent in Canadian Dollars	23,308	(17,102)
Rate to convert to $1.00 CDN	1.0314	1.0532

February 29, 2012

	US Dollars	Australian Dollars
Cash	71,744	-
Accounts payable	(40,371)	(90,815)
Net balance	31,373	(90,815)
Equivalent in Canadian Dollars	31,044	(96,555)
Rate to convert to $1.00 CDN	0.9895	1.0632

Based on the above net exposures as at February 28, 2013, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar and Australian dollar against the Canadian dollar would result in an increase/decrease of $2,331 and $1,710 (February 29, 2012 - $3,104 and $9,656 respectively) in the Company's net loss.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arises from the interest rate impact on the cash and cash equivalents. Cash and cash equivalents earn interest based on current market interest rates, which at February 28, 2013 ranged between 1.25% and 1.35%.

Based on the amount of cash and cash equivalents held at February 28, 2013, and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/decrease of $25,515 (February 29, 2012 - $21,631) in the interest earned by the Company per annum.

Liquidity risk

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 required by operations and anticipated investing and financing activities. The Company had cash at February 28, 2013 in the amount of $5,102,961 (2012 - $4,326,222) in order to meet short-term business requirements. At February 28, 2013, the Company had current liabilities of $281,829 (2012 - $431,846) which are due on demand or within 30 days.

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.

Critical Accounting Estimates and Policies

The Company's accounting policies are discussed in detail in the Consolidated Financial Statements, however, accounting policies require the application of management's judgement in respect of the following relevant matters:

(i) use of estimates – the preparation of financial statements in conformity with IFRS 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 share-based compensation expense and the valuation allowance for future income tax assets. Actual results could differ from those estimates used in the financial statements.

(ii) share-based compensation – the Company provides compensation benefits to its employees, directors, officers and consultants through a stock-based compensation plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility is based on historical volatility of the stock. The Company utilizes historical data to estimate the expected option term for input into the valuation model. The risk-free rate for the expected term of the applicable option is based on the Government of Canada yield curve in effect at the time of the grant.

Actual results may differ materially from those estimates based on these assumptions.

Changes in Accounting Policy and Disclosures

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); IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (IFRIC 20); IFRS 13, Fair Value Measurement (IFRS 13). The Company is still assessing the impact of IFRS 9, but IFRS 10 through IFRS 13 and IFRIC 20 are not expected to have an impact on the Company's consolidated financial statements.

The following is a brief summary of the new standards:

IFRS 9 – Financial Instruments - Classification and Measurement

IASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in its entirety with IFRS 9 - Financial Instruments ("IFRS 9") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments, and is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. In November 2009 and October 2010, IFRS 9 (2009) and IFRS 9 (2010) were issued, respectively, which address the classification and measurement of financial assets and financial liabilities. IFRS 9 (2009) requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 (2010) requires that financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as fair value through profit or loss, financial guarantees and certain other exceptions.

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 control 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. This standard is effective for annual periods beginning on or after January 1, 2013.

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, IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers, entities have the choice to proportionately consolidate or equity account for interests in joint ventures IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

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. This standard is effective for annual periods beginning on or after January 1, 2013.

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. This standard is effective for annual periods beginning on or after January 1, 2013.

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 and exploration activities of the Company in Colombia, Philippines, Argentina and Australia require permits from various governmental authorities and such operations and exploration activities are and will be governed by Federal, Provincial and local laws and regulations governing various elements of the mining industry including, without limitation, land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters. It is the Company's intention to ensure that the environmental impact on areas where it operates is mitigated by restoration and rehabilitation of affected areas. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or other remedial actions.

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 and development of mineral deposits involves significant risks which even with careful evaluation, experience and knowledge may not, in some cases, be fully mitigated. The commercial viability of any mineral deposit 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, foreign exchange controls, 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. Other potential impacts could include the location of the mineral deposit and if it is found in remote or harsh climates. These unique environments could limit or reduce production possibilities or if conditions are right for potential natural disasters, including but not limited to volcanoes, earthquakes, tornados and other severe weather, could negatively impact facilities, equipment and the safety of its workers dramatically.

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 are correspondingly increased.

Laws and regulations

In certain countries, the ownership of mining rights is limited or is subject to interpretation of various laws including restrictions on foreign ownership of mineral tenures in the Philippines. 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 centered in the United States and Europe. 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.

Controls and Procedures

In connection with Exemption Orders issued in November 2007 and revised in December 2008 by each of the securities commissions across Canada, the CEO and CFO of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis.

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

As at June 25, 2013 the Company had 46,035,000 common shares issued and outstanding, 6,615,000 outstanding stock options with a weighted average exercise price of $0.43, and had 10,000,000 outstanding warrants as follows:

	Number	Exercise Price Years 1 - 2	Exercise Price Year 3
Warrants:	10,000,000	$0.40	$0.55

Directors and Officers

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

Contact Person

Darcy Daubaras
Telephone: (604) 688-4941
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Additional information regarding the Company is available on SEDAR at www.sedar.com.