



RUGBY MINING LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended August 31, 2021 and 2020
(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

RUGBY MINING LIMITED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

October 28, 2021

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

			August 31, 2021	February 28, 2021
Assets	Notes			
Current				
Cash and cash equivalents		\$	224,752	\$ 306,924
Accounts receivable and prepaids			39,510	26,536
Total current assets			264,262	333,460
Non-Current				
Right-of-use asset	5	\$	31,654	\$ 48,097
Deferred acquisition costs	14		98,900	-
Mineral properties	4		66,075	66,075
Total assets		\$	460,891	\$ 447,632
Liabilities				
Current				
Accounts payable and accrued liabilities		\$	117,444	\$ 58,644
Due to related parties	11		17,910	6,486
Lease liability	5		27,534	28,636
Total current liabilities			162,888	93,766
Non-Current				
Loan payable	6	\$	40,000	40,000
Lease liability	5		4,710	19,818
Total liabilities			207,598	153,584
Shareholders' Equity				
Share capital	7	\$	24,993,388	24,451,430
Contributed surplus			6,799,668	6,672,774
Deficit			(31,434,899)	(30,732,301)
Accumulated other comprehensive loss			(104,864)	(97,855)
Total shareholders' equity			253,293	294,048
Total liabilities and shareholders' equity		\$	460,891	\$ 447,632

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

Approved on behalf of the Board:

Robert Reynolds
..... Director

Yale Simpson
..... Director

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

		Three Months ended		Six Months ended	
		August 31,		August 31,	
	Notes	2021	2020	2021	2020
Expenses					
Accounting, audit and professional fees		18,170	43,712	56,127	74,465
Administrative	8	113,738	35,203	231,586	94,447
Bank charges		1,150	1,164	2,474	2,406
Depreciation of right-of-use-assets	5	6,820	-	13,864	-
Directors' fees	8	31,155	7,026	75,129	15,272
Foreign exchange (gain)/loss		(454)	4,011	(832)	4,109
Insurance		12,797	9,301	22,386	18,544
Interest on lease liability	5	415	-	921	-
Mineral property exploration expenditures	4 & 8	82,984	64,717	256,671	171,793
Shareholder communications		8,732	(1,182)	15,879	18,041
Stock exchange and filing fees		3,315	8,195	7,230	8,195
Transfer agent		1,163	1,996	2,253	2,528
Travel		15,522	7,441	18,916	7,964
		295,507	181,584	702,604	417,764
Income					
Interest income		\$ 4	\$ 7	\$ 6	\$ 20
Net loss for the period		295,503	181,577	702,598	417,744
Other comprehensive loss		1,975	688	7,009	662
Comprehensive loss for the period		\$ 297,478	\$ 182,265	\$ 709,607	\$ 418,406
Basic & diluted loss per common share from loss for the period					
		\$ 0.003	\$ 0.002	\$ 0.007	\$ 0.004
Weighted average number of common shares outstanding		109,010,346	97,558,449	108,501,922	95,664,164

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the six months ended,	Notes	August 31, 2021	August 31, 2020
Operating Activities			
Net loss for the period		\$ (702,598)	\$ (417,744)
Items not requiring an outlay of cash:			
Share based payments	8	142,102	41,007
Depreciation of right-of-use-assets	5	13,864	-
Interest expense on lease liability	5	921	-
		(545,711)	(376,737)
Changes in non-cash working capital			
Accounts receivable and prepaids		(12,974)	11,513
Accounts payable and accrued liabilities		58,800	(36,201)
Due to related parties		11,424	(7,489)
Cash outflows used in operating activities		(488,461)	(408,914)
Investing Activities			
Deferred acquisition costs	14	(98,900)	-
Cash flows used in investing activities		(98,900)	-
Financing Activities			
Loan payable	6	-	40,000
Lease liability payments	5	(14,524)	-
Shares issued for cash	7	533,000	625,600
Share issue costs	7	(6,250)	(13,325)
Cash flows provided by financing activities		512,226	652,275
Effect of foreign exchange rate change on cash		(7,037)	(662)
Net (decrease) increase in cash and cash equivalents		(82,172)	242,699
Cash and cash equivalents - beginning of period		306,924	443,897
Cash and cash equivalents - end of period		\$ 224,752	\$ 686,596

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	Issued Share Capital					
	Number of Shares	Amount	Contributed Surplus	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total Shareholders' Equity
Balance at February 29, 2020	93,769,878	\$ 23,715,804	\$ 6,523,510	\$ (29,640,335)	\$ (95,895)	\$ 503,084
- Equity financing	8,937,142	625,600	-	-	-	625,600
- Share issue costs	-	(13,325)	-	-	-	(13,325)
- Share-based payments recognized	-	-	41,007	-	-	41,007
- Other comprehensive loss	-	-	-	-	(662)	(662)
- Net loss for the period	-	-	-	(417,744)	-	(417,744)
Balance at August 31, 2020	102,707,020	\$ 24,328,079	\$ 6,564,517	\$ (30,058,079)	\$ (96,557)	\$ 737,960
- Shares issued for Mabuhay (Motherlode) property option	253,326	30,399	-	-	-	30,399
- Options exercised	600,000	54,000	-	-	-	54,000
- Contributed surplus allocated on exercise of options	-	38,952	(38,952)	-	-	-
- Share-based payments recognized	-	-	147,209	-	-	147,209
- Other comprehensive loss	-	-	-	-	(1,298)	(1,298)
- Net loss for the period	-	-	-	(674,222)	-	(674,222)
Balance at February 28, 2021	103,560,346	\$ 24,451,430	\$ 6,672,774	\$ (30,732,301)	\$ (97,855)	\$ 294,048
- Equity financing	5,150,000	515,000	-	-	-	515,000
- Share issue costs	-	(6,250)	-	-	-	(6,250)
- Options exercised	300,000	18,000	-	-	-	18,000
- Contributed surplus allocated on exercise of options	-	15,208	(15,208)	-	-	-
- Share-based payments recognized	-	-	142,102	-	-	142,102
- Other comprehensive loss	-	-	-	-	(7,009)	(7,009)
- Net loss for the period	-	-	-	(702,598)	-	(702,598)
Balance at August 31, 2021	109,010,346	\$ 24,993,388	\$ 6,799,668	\$ (31,434,899)	\$ (104,864)	\$ 253,293

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2021 AND 2020
(UNAUDITED)

1. Nature of Operations and Going Concern

Rugby Mining Limited (“Rugby” or the “Company”) is an exploration stage company incorporated under the laws of British Columbia, Canada and together with its subsidiaries, it is engaged in the acquisition and exploration of mineral properties located in Australia, Argentina, Colombia, and the Philippines.

The continued operations of the Company are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of such properties, and the profitable production from or disposition of such properties.

These unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Several adverse conditions and material uncertainties cast significant doubt upon the validity of this assumption. The Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to maintain its mineral interests (see Note 4) and overhead requirements. The Company has incurred operating losses since inception. As at August 31, 2021, the Company had an accumulated deficit of \$31,434,899 (February 28, 2021 - \$30,732,301) and working capital of \$101,374 (February 28, 2021 - \$239,694). In addition, if the Company is to advance or develop its projects, it will be necessary to obtain additional financing. Although management has been successful in the past in raising capital, there are no assurances that the Company will be successful raising capital in the future. The Company plans to raise additional equity in order to obtain funding to meet on-going expenditures (See Note 14).

If the going concern assumption was not appropriate for these Interim Financial Statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

The Company has its primary listing on the TSX Venture Exchange (the “TSX-V”) under the symbol “RUG”. The Company’s head office is located at 810 - 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

COVID-19

In March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 has had a significant impact on businesses and people through the restrictions put in place by governments of most countries regarding travel, business operations, social distancing and quarantine orders. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company’s financial position cannot be reasonably estimated at this time. COVID-19 could adversely impact the Company’s ability to raise financing for exploration or operating costs due to uncertain capital markets, country risk factors, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company’s business and financial condition.

2. Basis of Preparation

These Interim Financial Statements have been prepared in compliance with IFRS as issued by the International Accounting Standards Board applicable to the preparation of the interim financial statements, including International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. Accordingly, the accounting policies followed by the Company are set out in Note 3 of the audited consolidated financial statements for the year ended February 28, 2021, and have been consistently followed in the preparation of these Interim Financial Statements. These Interim Financial Statements do not include all the information and note disclosure required by IFRS for annual financial statements, and therefore, should be read in conjunction with the audited consolidated financial statements for the year ended February 28, 2021.

These Interim Financial Statements were approved and authorized by the Audit Committee of the Board of Directors for issue on October 28, 2021.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2021 AND 2020
(UNAUDITED)

3. Significant Accounting Policies

The details of Rugby's accounting policies are presented in Note 3 of its audited consolidated financial statements for the year ended February 28, 2021.

4. Mineral Properties – Acquisition and Exploration Costs

a) Acquisition Costs - Colombia Properties

<i>Cost</i>	
As at March 1, 2020	\$ 66,075
Balance as at February 28, 2021	\$ 66,075
As at March 1, 2021	\$ 66,075
Balance as at August 31, 2021	\$ 66,075

b) Exploration Costs

The following tables show the Company's exploration and evaluation expenditures for the six month periods ended August 31, 2021 and 2020.

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

* Includes share based compensation

Six Months Ended August 31, 2020						
	Generative & Other	El Zanjón	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$ 695	\$ -	\$ 4,977	\$ -	\$ 5,672
Drilling	-	-	-	-	-	-
Field camp	188	-	-	-	8,253	8,441
Geological*	2,606	9,793	3,466	13,173	35,297	64,335
Legal	-	-	3,455	3,046	-	6,501
Office operations	1,750	-	1,679	4,740	1,084	9,253
Tenement fees and option payments	722	15,000	-	-	-	15,722
Travel	-	-	-	5,094	3,660	8,754
Wages and benefits	77	-	9,960	29,880	13,198	53,115
Exploration and evaluation costs	\$ 5,343	\$ 25,488	\$ 18,560	\$ 60,910	\$ 61,492	\$ 171,793

* Includes share based compensation

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

Motherlode Gold Copper Project, Philippines

Motherlode (formerly the Mindanao Motherlode Gold Mine) is located in the center of the broader Mabuhay project area. On October 5, 2010, the Company announced it had entered into agreements with Pelican Resources Limited (“Pelican”), an ASX listed company, and All-Acacia Resources Inc. (“All-Acacia”), a Philippine company over the Mabuhay project in the Philippines. The agreement with Pelican and its Philippine subsidiary, SunPacific Resources Philippines, Inc. (“SunPacific”), together with the agreement with All-Acacia (collectively, the “Mabuhay Agreement”) grant the Company the right and option (“Mabuhay Option”) to earn an 80% interest in the Mabuhay project. Pursuant to the terms of the Mabuhay Agreement, the Company paid signature fees totaling US\$70,000.

In April 2016, the Company purchased all of Pelican and Sun Pacific’s residual interest in Mabuhay for A\$10,000 and consequently, they have no remaining interest in Mabuhay.

As a result of a Philippine government moratorium on the granting of new Mineral Production Sharing Agreements (“MPSA”) pending legislation enacting a revised revenue sharing scheme, the Company along with All-Acacia signed an amended Mabuhay Agreement (the “Amended Mabuhay Agreement”) to allow for the conversion of the MPSA Application to an Exploration Permit Application (“EPA”). In January 2019, the Company received final approval of the Exploration Permit (“EP”).

The Company and All-Acacia negotiated a further amendment to the option agreement (the “Second Amendment to the Mabuhay Agreement”), signed in September 2020, which modified the quantum and timing of the staged payments (see below). Rugby will pay All-Acacia in either shares (subject to TSX-V approval) or in cash, subject to All-Acacia’s right to elect to receive up to 50% in cash.

Pursuant to the Second Amendment to the Mabuhay Agreement, in order to maintain its option, the Company is required to make the following staged payments totaling US\$250,000 and a final payment of US\$175,000 to All-Acacia:

- (i) US\$50,000 by March 26, 2019 (paid by issuing 365,000 common shares valued at \$65,700);
- (ii) US\$50,000 by March 20, 2020 (paid in September 2020, by issuing 253,326 common shares valued at US\$25,000 (\$30,399) and US\$25,000 (\$33,000) in cash);
- (iii) US\$50,000 by March 20, 2021, payable in cash or shares (see amendment below)*;
- (iv) US\$50,000 by March 20, 2022, payable in cash or shares (see amendment below)*;
- (v) US\$50,000 by March 20, 2023, payable in cash or shares (see amendment below)*; and
- (vi) a final payment of US\$175,000, payable in cash or shares* within 30 days from the grant and registration of a mineral agreement allowing for development of a mine.

** The payment terms provide for payment of up to 50% in cash at All-Acacia’s option.*

The Company negotiated a further amendment to the option agreement with All-Acacia which delays for additional 12 months staged payments (iii), (iv) and (v). Due to the current COVID-19 restrictions in the Philippines, the amendment has not been formally finalized yet.

Additionally, the Company is required to incur the following staged expenditures totaling US\$4.5 million over six years and complete a pre-feasibility study to earn its interest and exercise its Mabuhay Option:

- (i) US\$250,000 by March 20, 2020 (incurred);
- (ii) US\$500,000 by March 20, 2021 (incurred);
- (iii) US\$750,000 by March 20, 2022;
- (iv) US\$1,000,000 by March 20, 2023;
- (v) US\$1,000,000 by March 20, 2024; and
- (vi) US\$1,000,000 by March 20, 2025.

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

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.

Colombia Gold Projects

Regional Applications, Colombia

On June 1, 2016, Rugby announced that it had acquired an extensive portfolio of both granted exploration concessions and applications in Colombia together with an extensive geological database. Under the terms of the agreement, Rugby acquired 100% of the rights to the portfolio of mineral properties and geological database for nominal cash consideration.

Tantalus

In February, 2020, the Company entered into an agreement to acquire the Tantalus gold silver project, located in the Bucaramanga gold belt in Colombia and paid the vendor approximately \$16,000. Tantalus is currently in the application stage and pursuant to the agreement, Rugby will pay the vendor approximately \$37,000 upon title being granted and transferred to Rugby. The vendor will retain a 1% NSR which can be purchased at prices ranging between US\$1,300,000 and US\$5,000,000.

Cobrasco Copper Project, Colombia

The Cobrasco concession, which is subject to a 1% net smelter royalty ("NSR"), was acquired in April 2013. In November 2017 the Company filed an application for Forestry Extraction as part of the process to allow drilling. Additional information was submitted in August 2018 at the request of the authorities. However, on April 29, 2019, Rugby announced that its drilling permit application for the Cobrasco project had been denied by the Forestry Department, a division within the Colombian Ministry of the Environment.

El Zanjón Gold and Silver Project, Argentina

On July 31, 2019, the Company announced that it had entered into an option agreement to earn up to 100% of the El Zanjón Gold and Silver Project ("El Zanjón") in Santa Cruz Province, Argentina. The project covers approximately 600 square kilometres ("km") within the Deseado Massif gold and silver district.

Pursuant to the terms of the option agreement, the Company paid \$15,000 on July 26, 2019, \$15,000 on July 10, 2020 and \$15,000 on July 8, 2021 and will be required to make further annual tenure payments totaling \$15,000 each. The vendors will retain a 2% NSR. In order to earn 100% of El Zanjón, Rugby will have the option to incur staged exploration expenditures totaling \$3.65 million over 6 years including completing studies to pre-feasibility standards as follows:

- (i) \$100,000 by January 17, 2021 (Stage 1) (incurred);
- (ii) \$250,000 by January 17, 2022 (Stage 2);
- (iii) \$500,000 by January 17, 2023 (Stage 3);
- (iv) \$800,000 by January 17, 2024 (Stage 4); and
- (v) \$2,000,000 by July 17, 2025 (Stage 5).

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

The Otway Project, Australia

On June 1, 2016, Rugby announced that it had acquired a 100% interest in the Otway project, for a nominal cash consideration plus a 2% NSR. The Otway project, which covers prospective areas for copper and gold mineralization in the northwest of Western Australia, comprises two contiguous exploration licences covering 134 square km.

On May 28, 2020, the Company announced the signing of an Option Agreement (“Agreement”) with Calidus Resources Limited (“Calidus”) under which Calidus can earn an interest of up to 70% in the Otway project. Highlights of the Agreement:

- Within 12 months of the Agreement, Calidus will spend A\$200,000, including 1,200 metres (“m”) of drilling;
- Within 30 months of the Agreement, Calidus has the option to spend a further A\$500,000, including a minimum 3,000 m of drilling to earn 50%; and
- Within 48 months of the Agreement, Calidus has the option to spend an additional A\$500,000, including a further 3,000 m of drilling and issue A\$250,000 worth of Calidus shares to the Company at the completion of the spend using a 10-day Volume Weighted Average Price to earn a 70% interest in Otway.

Georgetown Project, Australia

On April 13, 2021, the Company announced that it had been granted three exploration permits totaling 849 square km covering extensive gold occurrences in the Georgetown region in North Queensland, Australia. The three exploration permits form Rugby’s Georgetown Project. The region has had a long history of mining, particularly for gold, with over 1,000 mines, prospects and mineral occurrences identified within the district.

5. Right-of-use asset and liability

In November 2020, the Company entered into a lease agreement for office space in Sydney, Australia. The ROU asset for this office is being amortized on a straight-line basis until the end of the lease term in November 2022. The lease payments were discounted using a discount rate of 4.5% per annum which represents the Company’s incremental borrowing rate. The continuity of the ROU asset and lease liability for the six month period ended August 31, 2021 is as follows:

Right-of-use assets	\$
Value of ROU asset as at March 1, 2021	48,097
Addition of ROU asset during the period	-
Depreciation	(13,864)
Foreign exchange	(2,579)
Value of ROU asset as at August 31, 2021	<u>31,654</u>
Lease liability	\$
Value of lease liability as at March 1, 2021	48,454
Addition to lease liability during the period	-
Interest on lease liability	921
Lease payments	(14,524)
Foreign exchange	(2,607)
Lease liability as at August 31, 2021	<u>32,244</u>
Current portion	27,534
Non-current portion	<u>4,710</u>
	<u>32,244</u>

RUGBY MINING LIMITED
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5. Right-of-use asset and liability (Continued)

The future minimum lease payments as of August 31, 2021 were as follows:

	\$
2022	28,422
2023	4,737
Less: interest payments	(934)
Foreign exchange	19
Present value of minimum lease payments	<u>32,244</u>

6. Loan Payable

In May 2020, the Company received \$40,000 related to the Canada Emergency Business Account (CEBA) loan. CEBA is an interest-free loan launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000).

7. Share Capital

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

Issuances - period ended August 2021

On March 16, 2021, the Company completed a non-brokered private placement financing consisting of 5,150,000 units (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$515,000. Each Unit consisted of one (1) common share and one half (0.5) common share purchase warrant (a "Half Warrant").

Each full warrant (two (2) Half Warrants together) entitles the holder thereof to purchase one (1) additional common share of the Company at an exercise price of \$0.20 for a period of one year from the closing date. The Company paid \$6,250 as finder's fees in connection with the financing which was charged to share capital.

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

Issuances - period ended August 2020

On July 22, 2020, the Company completed a non-brokered private placement financing consisting of 8,937,142 units (the "Units") at a price of \$0.07 per Unit for gross proceeds of \$625,600. Each Unit consisted of one (1) common share and one (1) common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder thereof to purchase one (1) additional common share of the Company for a period of two (2) years from the date of the close at an exercise price of \$0.12, provided that if at any time following the date that is four months from the closing date of the offering, that the closing price of the Company's common shares on the TSX Venture Exchange is \$0.25 or greater per common share during any 10 consecutive trading day period the Warrants will expire at 4.00 p.m. (Vancouver time) on the 30th day after the date on which the Company provides notice of such accelerated expiry to warrant-holders, and the warrant-holders will have no further rights to acquire any common shares of the Company under the Warrant. The residual value of the warrants associated with the unit offering was \$nil. The Company paid \$13,325 as finder's fees in connection with the financing which was charged to share capital.

See Note 14 for subsequent issuances.

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8. Stock Option Plan

The Company has adopted an incentive stock option plan (the “Plan”), the essential elements of which are as follows: The aggregate number of shares of the Company’s capital stock issuable pursuant to options granted under the Plan, which was approved by shareholders on November 26, 2020, may not exceed 20% of the total number of issued and outstanding shares of the Company on a non-diluted basis. At August 31, 2021 the maximum number of options issuable under the Plan was 20,712,069. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company’s common shares immediately preceding the grant date, less the maximum discount permitted by TSX-V), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options granted under the Plan are generally exercisable immediately following the grant however certain options may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

The following is a summary of the changes in share options during the six month period ended August 31, 2021 and the year ended February 28, 2021:

	August 31, 2021		February 28, 2021	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	11,250,000	\$0.11	11,650,000	\$0.15
Granted	-	-	5,270,000	0.10
Exercised	(300,000)	0.06	(600,000)	0.09
Cancelled	(400,000)	0.17	(2,215,000)	0.32
Expired	(100,000)	0.30	(2,855,000)	0.10
Options outstanding, end of period	10,450,000*	\$0.11	11,250,000	\$0.11

* See Note 14

There were 300,000 (2020 – nil) options exercised during the period at a weighted average price of \$0.06 (2020 - \$nil) and the weighted average price at the time of trading was \$0.09 (2020 - \$nil).

There were 400,000 options voluntarily surrendered by option holders and the Company accounted for these as cancellations whereby the unvested balance of the original fair value was immediately expensed in the amount of \$1,329 (2020 - \$nil).

Additionally, during the period, 100,000 (2020 – nil) options at an exercise price of \$0.30 (2020 - \$nil) per share, expired unexercised.

The weighted average fair value at the measurement date of the 5,270,000 options granted by the Company during the year ended February 28, 2021 of \$331,322 (February 29, 2020 – \$116,744) was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	February 28, 2021
Expected annual volatility	117.8%-118%
Risk-free interest rate	0.41%-0.44%
Expected life	5 years
Expected dividend yield	0%

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8. Stock Option Plan (Continued)

Share-based compensation for the six month period ended:

	August 31, 2021	August 31, 2020
From stock options granted in the year ended February 28, 2021	\$ 129,899	\$ -
From stock options granted in prior years	12,202	41,008
Total	\$ 142,101	\$ 41,008

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2021:

Range of Prices (\$)	Outstanding Options			Exercisable Options		
	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
0.10 - 0.18	10,450,000	3.32	0.11	7,277,500	2.93	0.11
	10,450,000	3.32	\$ 0.11	7,277,500	2.93	\$ 0.11

Share-based compensation recognized on options vesting during the six month periods ended August 31, 2021 and 2020 has been allocated to contributed surplus as follows:

	Three months ended August 31,		Six months ended August 31,	
	2021	2020	2021	2020
Administrative	\$25,794	\$3,676	\$61,772	\$8,124
Directors' fees	31,155	7,027	75,129	15,272
Mineral property exploration expenditures	2,688	8,034	5,201	17,611
Total	\$59,637	\$18,737	\$142,102	\$41,007

9. Restricted Share Unit / Deferred Share Unit Plan ("RSU / DSU Plan")

On November 29, 2018, the Company's disinterested shareholders approved the adoption of a RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, officers, consultants and directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The maximum number of shares made available for issuance from treasury under the RSU/DSU Plan, subject to certain adjustments described in the RSU/DSU Plan, shall not exceed 1,151,000 shares, provided, however, that the number of shares reserved for issuance from treasury under the RSU/DSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed 20% of the number of shares then issued and outstanding.

Restricted share units

RSUs granted pursuant to this Plan will be used to compensate participants for their individual performance based achievements and are intended to supplement stock option awards in this specific respect. As at August 31, 2021, no RSU's have been granted.

Deferred share units

DSUs granted pursuant to this Plan will be used as a means of reducing the cash payable by the Company in respect of director compensable amounts. In so doing, the interests of directors will become more closely aligned with those of the Company and its shareholders. As at August 31, 2021, no DSU's have been granted.

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10. Warrants

No warrants were exercised during the six month period ended August 31, 2021 (August 31, 2020 - nil).

At August 31, 2021, the Company had an aggregate of 21,562,142 outstanding warrants (February 28, 2021 – 18,987,142) to acquire common shares as follows:

Outstanding	Exercisable	Exercise Price	Expiry Date
10,050,000	10,050,000	\$ 0.17	October 30, 2021*
8,937,142	8,937,142	\$ 0.12	July 23, 2022
2,575,000	2,575,000	\$ 0.20	March 17, 2022
21,562,142	21,562,142		

* Expiry extended. See Note 14

11. Related Party Transactions

During the six month period ended August 31, 2021, a total of \$nil (2020 – \$12,696) was paid or accrued for office rental to a company controlled by a director of the Company. Amounts due to related parties as at August 31, 2021 of \$17,910 (February 28, 2021 – \$6,486) are for reimbursable expenses incurred on behalf of the Company and are non-interest bearing and due on demand.

Previously, the Company leased office space from Rogo Investments Pty Ltd. (“Rogo”), a company controlled by a director of the Company. The lease terminated in November 2020. The total of \$nil (2020 - \$12,696) incurred for the six month period ended August 31, 2021 was paid or accrued to Rogo for office rental fees.

12. Executive Compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel of the Company include executive officers and the board of directors.

The following compensation has been provided to key management personnel for the three and six month periods ended August 31, 2021 and 2020:

	Three months ended August 31,		Six months ended August 31,	
	2021	2020	2021	2020
Compensation - cash	\$ 48,000	\$ 2,000	\$ 96,000	\$ 22,000
Share-based payments	49,587	8,680	119,615	18,866
Total	\$ 97,587	\$ 10,680	\$ 215,615	\$ 40,866

13. Segmented Information

The Company’s activities are all in the one industry segment of mineral property acquisition, exploration and development. The Company’s net assets and net losses by geographic regions are as follows:

August 31, 2021	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$184,205	\$ 15,175	\$ -	\$ 23,245	\$ 2,127	\$ 224,752
Amounts receivable and prepaids	30,184	6,843	-	1,960	523	39,510
Right-of-use asset	-	31,654	-	-	-	31,654
Deferred acquisition costs	98,900	-	-	-	-	98,900
Mineral properties	-	-	-	66,075	-	66,075
Total Assets	313,289	53,672	-	91,280	2,650	460,891
Total Liabilities	(151,182)	(33,298)	-	(17,709)	(5,409)	(207,598)
	\$162,107	\$20,374	\$ -	\$ 73,571	(\$2,759)	\$ 253,293

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13. Segmented Information (Continued)

Six Months Ended August 31, 2021

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

August 31, 2020	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$636,011	\$ 18,684	\$ -	\$ 25,444	\$ 6,457	\$ 686,596
Amounts receivable and prepaids	33,383	5,642	-	4,455	1,075	44,555
Mineral properties	-	-	-	66,075	-	66,075
Total Assets	669,394	24,326	-	95,974	7,532	797,226
Current Liabilities	(4,873)	(444)	-	(13,954)	5	(19,266)
	\$664,521	\$23,882	\$ -	\$ 82,020	\$7,537	\$ 777,960

Six months ended August 31, 2020

Mineral property exploration expenditures	\$ 2,606	\$ 2,737	\$ 25,488	\$ 79,471	\$61,491	\$171,793
Net loss	\$ 177,140	\$ 16,424	\$ 25,488	\$120,252	\$78,440	\$417,744

14. Subsequent Events

Proximo Resources Acquisition and Private Placement

On October 27, 2021, the Company announced it had completed the acquisition of Proximo Resources Pty Ltd (“Proximo”), a private Australian company (the “Acquisition”). Proximo controls silver and gold projects in Chile and Argentina, including the drill ready Salvadora silver-copper-gold project (“Salvadora”) and the Deseado project.

The Salvadora Silver-Copper-Gold Project, Chile

Salvadora is located 2.5 hours’ drive by sealed all weather road from the Coquimbo deep water port and La Serena capital airport with 8 daily flights connecting to Santiago and is situated at the southern end of the El Indio gold belt, 40 km south of Barrick Gold’s El Indio gold mine.

The Salvadora Option Agreements

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

The first option agreement, comprising 30 exploration and mining concessions, provides for escalating annual payments totalling US\$900,000 and in-ground expenditures of US\$8,100,000 contingent on success over 5 years. A final payment, less the US\$900,000 paid, is payable based on resources established ranging from US\$3.27 per gold equivalent ounce for inferred resources to US\$79.00 per gold equivalent ounce for proven reserves.

The second option agreement, comprising 5 exploration and mining concessions, requires escalating annual payments totalling US\$555,000 over 4 years. There are no expenditure commitments and the vendor will retain a 1% NSR which can be purchased by a total of US\$5,000,000.

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14. Subsequent Events (Continued)

The Deseado Project, Argentina

The 100% owned Deseado Project comprises the Venidero and Altiro-Futuro properties located within the prolific epithermal precious metal vein district of the Deseado Massif located in Santa Cruz Province, Argentina and Patagonia, Southern Chile.

Venidero Property

The Venidero property application is located in the west of the Deseado Massif, Santa Cruz Province, Argentina, 60 km south of Newmont Goldcorp's Cerro Negro mine.

Altiro-Futuro Property

The Altiro-Futuro silver-gold property comprises 21 concessions totalling 6,300 ha, located in the western extension of the Deseado Massif, Chile. Exploration has identified potential for high grade silver-gold epithermal deposits.

Pursuant to the terms of the purchase agreement between Rugby, Proximo, the shareholders of Proximo ("Proximo Shareholders") and the holders of stock options of Proximo ("Proximo Optionholders" and collectively with the Proximo Shareholders, the "Sellers"), in consideration for the acquisition of Proximo, Rugby issued to the Sellers an aggregate of 50 million common shares and to the Proximo Optionholders (who will become eligible persons to receive options under Rugby's stock option plan post-closing), stock options to acquire, until January 13, 2026, up to 3,500,000 common shares of Rugby at a price of \$0.10 per share. In connection with the Private Placement, Rugby issued 33,414,312 units (the Units") at \$0.12 per Unit to raise \$4,009,717. Each Unit consists of one (1) common share and one (1) half common share purchase warrant with each whole warrant (a "Warrant"), entitling the holder to purchase one (1) additional common share of the Company until eighteen (18) months from the closing date, at an exercise price of \$0.20, provided that in the event that the closing price of the Company's common shares on the TSX Venture Exchange is \$0.30 or greater per common share during any 10 consecutive trading day period, the Company may, at its option, accelerate the expiry date of the Warrants, in which case the Warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to warrant holders. The Company paid \$117,336 as finder's fees in connection with a portion of the Private Placement.

Deferred acquisition costs

Costs incurred to August 31, 2021 in the amount of \$98,900 have been deferred.

Warrants

On October 19, 2021, 10,050,000 outstanding share purchase warrants with an exercise price of \$0.17 per share and original expiry date of October 30, 2021 had their expiry date extended to expire now on October 30, 2022. The warrants are still be subject to an acceleration clause which comes into effect when the closing price of the common shares of the Company on the TSXV is \$0.25 or greater per common share during any 10 consecutive trading day period. In such event, the Company will accelerate the expiry of the warrants to the date that is 30 days from the date of the issuance of a news release by the Company announcing the exercise of the acceleration right.