



Management's Discussion and Analysis

May 31, 2020

Rugby Mining Limited

Management's Discussion and Analysis For the three months ended May 31, 2020

July 28, 2020

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 May 31, 2020, unless otherwise stated; and (iii) “\$” refers to Canadian Dollars, “US\$” refers to US Dollars and “A\$” refers to Australian Dollars. All amounts are expressed in Canadian dollars unless otherwise noted. Any additional information relating to the Company, is available for viewing on SEDAR at www.sedar.com and/or the Company's website at www.rugbymining.com.

Description of Business and Going Concern

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

The Company was incorporated on January 24, 2007 and has its primary listing on the TSX Venture Exchange (the “TSX-V”). The Company's head office is located at 810 - 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

The results of the most recently completed financial year are set out in the Company's audited consolidated financial statements for the year ended February 29, 2020.

The Company began and ended the period with 93,769,878 common shares outstanding.

Going Concern

The Company's unaudited condensed interim consolidated financial statements for the period ended May 31, 2020 (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 Projects below) and overhead requirements. The Company has incurred operating losses since inception. As at May 31, 2020, the Company had an accumulated deficit of \$29,876,502 (February 29, 2020 - \$29,640,335) and working capital of \$263,138 (February 29, 2020 - \$437,009). 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 required to meet on-going expenditures during the fiscal year.

If the going concern assumption was not appropriate for the 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 could be material.

Subsequent to May 31, 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 approximately \$626,000. 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 Company paid \$13,325 as finder's fees in connection with the financing which was charged to share capital.

Projects

Motherlode Gold Copper Project, Philippines

Motherlode (formerly the Mindanao Motherlode Gold Mine) is located in the centre of the broader Mabuhay project area comprising 878 hectares and situated 12 kilometres (“km”) south of Surigao City, the capital city of the province of Surigao del Norte, Philippines. The Motherlode Gold Mine 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. Motherlode, which was once one of the Philippines’ highest grade gold producers, is located in the center of the project’s tenements.

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 July 2018, the Company received conditional approval of the Exploration Permit (“EP”) with final approval received in January 2019. In February 2019, Rugby and All-Acacia amended the terms of the option agreement such that payments pursuant to the option agreement can be settled with cash or shares at the Company’s election.

In order to maintain its option, the Company is required to make the following staged payments totaling US\$250,000 to All-Acacia over two years (see amendment below):

- (i) US\$50,000 by March 26, 2019 (paid by issuing 365,000 common shares valued at \$65,700);
- (ii) US\$100,000 by March 20, 2020 (see amendment below); and
- (iii) US\$100,000 by March 20, 2021 (see amendment below).

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;
- (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.

In the event that the Company exercises the Mabuhay Option, it will be required to make an additional US\$175,000 payment to All-Acacia within 30 days from the grant and registration with the appropriate Mines and Geosciences Bureau Regional Office of the appropriate mineral agreement (MPSA or Financial and Technical Assistance Agreement) on the property.

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.

Prior to March 20, 2020, the Company and All-Acacia negotiated a further amendment to the option agreement which modifies the quantum and timing of the next staged payments. Proposed modifications split staged payment (ii) into 2 payments of US\$50,000 each payable upon signature of the amendment and by March 20, 2021 respectively and staged payment (iii) into 2 payments of US\$50,000 each payable by March 20, 2022 and 2023 respectively. Rugby will pay All-Acacia in either Rugby shares (subject to TSX-V approval) or in cash, subject to All Acacia's right to elect to receive up to US\$25,000 in cash. Due to the current COVID-19 situation in the Philippines, the amendment has not been formally finalized yet.

Colombia Gold Projects

On June 1, 2016, Rugby announced that it had acquired an extensive portfolio of both granted exploration concessions and applications covering approximately 700 square km in Colombia.

The portfolio comprises numerous projects including Pastora and El Playon which are located in the Bucaramanga belt and some others located in the mid-Cauca gold-copper porphyry belt which is considered prospective for both epithermal and porphyry gold mineralization. Pastora, El Playon and these other projects are unaffected by requirements for forestry extraction and their applications are expected to be progressed following the completion of conversion of applications to a new graticular system by the mining authority. Although the conversion to the new graticular system was recently completed, the timing for grant of the concessions is uncertain. Further delays to the grant of these concessions have occurred due to restrictions imposed by the Colombian government due to the COVID-19 virus outbreak. Importantly, the database includes regional scale geochemical and geophysical data over a larger area than just that of the concessions and applications acquired.

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 "Cobrasco"

The Cobrasco concessions, located 100 km southwest of Medellin in the Choco Region of Colombia, cover 3,000 hectares ("ha") and were purchased in April 2013. They are 100% owned by Rugby subject to a 1% net smelter royalty ("NSR").

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.

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.

Significantly, the Company has completed a Consulta Previa ("CP") agreement with the local Cocomacia communities which provides 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.

The Company filed an application to allow for drilling in November 2017 and at the request of the authorities submitted additional technical information including a geophysical survey to identify underground water resources in August 2018. On April 29, 2019, Rugby announced that its drilling permit application for the Cobrasco project had been denied by the Forestry Department (“Forestry”), a division within the Colombian Ministry of the Environment. The Company appealed the decision which was rejected by Forestry in November 2019. The Company continues to work with environmental experts and legal advisors to address Forestry’s concerns and explore best options to obtain approval.

As a result of the permit application denial, the Company wrote-down the project to \$nil and recorded an impairment expense of \$87,241 in the year ended February 28, 2019.

El Zanjon 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 Zanjon Gold and Silver Project (“El Zanjon”) in Santa Cruz Province, Argentina. The project covers approximately 600 square km within the Deseado Massif gold and silver district.

Pursuant to the terms of the option agreement, on July 26, 2019, the Company paid \$15,000. Subsequent to period end, on July 10, 2020, the Company paid additional \$15,000 and will be required to make further annual tenure payments totaling \$15,000 each. The vendors will retain a 2% NSR.

Rugby’s initial exploration work covered detailed ground magnetic surveys as part of its exploration program to delineate favourable drill targets. In order to earn 100% of El Zanjon, 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);
- (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).

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 kilometres

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.

Selected Information

The Company’s Interim Financial Statements for the third quarter ended May 31, 2020 have been prepared in accordance with IFRS as applicable to interim financial reports including IAS 34 “Interim Financial Reporting”.

The following is a summary of quarterly results taken from the Company’s Interim Financial Statements:

Three months period ended May 31,	2020		2019
Interest income	\$	13	\$ 27
Mineral property exploration expenditures	\$	107,076	\$ 189,342
Share-based compensation*	\$	22,270	\$ 30,275
Net loss	\$	236,167	\$ 463,350
Basic and diluted loss per common share	\$	0.00	\$ 0.01
Number of shares outstanding		93,769,878	83,719,878

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

As at	May 31, 2020		February 29, 2020
Total assets	\$	397,869	\$ 566,040
Total liabilities	\$	108,656	\$ 62,956
Shareholders' equity	\$	289,213	\$ 503,084
Deficit	\$	(29,876,502)	\$ (29,640,335)

First quarter ended May 31, 2020

The Company had cash and cash equivalents of \$285,280 at May 31, 2020 and reported a loss of \$236,167 compared to a loss of \$463,350 for the comparable period in 2019. Share-based compensation expense of \$22,270 was incurred, compared to \$30,275 in 2019, due to recognizing the expense associated with the vesting of certain stock options that were issued in previous years.

First quarter ended May 31, 2020 compared to the fourth quarter ended February 29, 2020

At May 31, 2020, the Company had \$285,280 in cash and cash equivalents, \$158,617 less than the \$443,897 that was held at February 29, 2020. The decrease predominantly relates to the Company utilizing the funds raised through private placements to advance its various projects in Colombia, Philippines, Argentina and Australia.

First quarter ended May 31, 2020 compared to the first quarter ended May 31, 2019

For the first quarter ended May 31, 2020, the Company recorded a loss of \$236,167 (\$0.00 per share) compared to a loss for the same period in 2019 of \$463,350 (\$0.01 per share).

Significant variances:

- Administrative: \$59,244 (2019 - \$195,150) - the variance is mainly caused by lower management fees in 2020 of approximately \$46,000 due to voluntary reductions of senior executives' remuneration and lower share-based compensation in 2020 of approximately \$10,000. Additionally, as a temporary measure to preserve treasury and mitigate the impact of COVID-19, salaries were lower in 2020 by approximately \$61,000 due to voluntary reductions of employees' remuneration.
- Mineral property exploration expenditures: \$107,076 (2019 - \$189,342) – the lower amount in 2020 is mainly due to the Company suspending its exploration operations and reducing wages and benefits as a measure to preserve treasury and mitigate the impact of COVID-19. Additionally, in 2019, pursuant to the Mabuhay agreement, Rugby paid U\$50,000 for the initial option payment.

Summary of Quarterly Results

The following selected financial information is a summary of the eight most recently completed quarters up to May 31, 2020.

	2021	2020				2019		
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter
Net loss for the period (\$)	236,167	380,231	517,506	903,389	463,350	470,588	815,746	614,148
Basic and diluted loss per common share for the period	\$0.00	\$0.00	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01

The net loss recorded in the first quarter of 2021 is significantly lower compared to the previous quarters mainly due to temporary measures taken by the Company to preserve treasury and mitigate the impact of COVID-19, including a suspension of exploration activities and voluntary reductions of employees' and senior executives' remuneration. The exploration activities in the fourth quarter of 2020 decreased compared to the previous quarter resulting in a lower net loss. The elevated net loss in the second quarter 2020 compared to the other quarters in the year is mainly due to the drill program at the Motherlode project which included drilling costs of approximately \$330,000, field camp costs of approximately \$113,000 and geological costs of approximately \$63,000. Compared to the previous quarter, the net loss in the first quarter of 2020 includes an option payment of US\$50,000 related to the Motherlode project while an impairment expense of \$87,241 related to the Cobrasco project was recorded in the fourth quarter of 2019. Additionally, the exploration activities in the fourth quarter of 2019 decreased compared to previous quarters resulting in a lower net loss. The elevated net loss in the third quarter of 2019 compared to the previous quarter is mainly due to a drilling program at the San Antonio project in Colombia which included drilling costs of approximately \$285,000. The Company withdrew from the San Antonio project in the third quarter of 2019 as results did not meet expectations.

Financial Condition, Liquidity and Capital Resources (please refer also to *Description of Business and Going Concern* section above)

As at May 31, 2020 the Company had cash resources of \$285,280.

Subsequent to May 31, 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 approximately \$626,000. 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 Company paid \$13,325 as finder's fees in connection with the financing which was charged to share capital.

The Company will be required to raise additional funds to advance the exploration of its projects and to complete expenditures required to maintain its option over the Motherlode, Tantalus and El Zanjon projects (please see Projects section above for more details). 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 the necessary funds through capital raisings in the future, and to maintain its treasury in these times of difficult access to risk funding.

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.

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). Additionally, the Company received a cash flow boost of A\$10,000 from the Australian Taxation Office. The objective of the cash flow boost is to support small and medium businesses during the economic downturn associated with COVID-19 and is not repayable.

The Company has not issued any dividends and management does not expect this will change in the near future.

Related Party Transactions

During the three month period ended May 31, 2020, a total of \$6,425 (2019 – \$56,458) was paid or accrued for related party transactions with companies controlled by directors or officers of the Company for mineral property exploration costs, administrative support fees, rent and consulting fees. Amounts due to related parties as at May 31, 2020 of \$423 (February 29, 2020 – \$7,933) are for reimbursable expenses incurred on behalf of the Company and are non-interest bearing and due on demand.

The total of \$6,425 incurred for the three month period ended May 31, 2020 was paid or accrued as follows: \$nil (2019 - \$15,000) to Rowen Company Ltd., a company controlled by the President and CEO of the Company for consulting fees, \$nil (2019 – \$31,248) to Berenvy Pty Ltd., a company controlled by the COO for consulting fees, and \$6,425 (2019 - \$10,210) to Rogo Investments Pty Ltd., a company controlled by a director of the Company for office rental fees.

Outlook

The ongoing progress of Rugby's projects and operations has been disrupted by restrictions related to the pandemic caused by COVID-19 (coronavirus) imposed by the countries where it operates. In response to the pandemic, on April 9, 2020, Rugby announced temporary suspension of its exploration operations and reduction of expenditures, including salaries. Additionally, the Company has implemented a work from home policy for its employees. The safety of Rugby's employees, consultants and contractors is of the utmost importance.

Management is closely monitoring the situation and the impact the pandemic may have on the Company's projects.

Regional Projects, Colombia

The Company has an extensive portfolio of concession applications, including the Pastora and El Playon projects, covering approximately 700 square km in Colombia. At Pastora, over 1,800 geochemical samples collected to date have defined a large 7 km by 6 km gold in soil anomaly which also has similar geological characteristics and size to the La Bodega and La Mascota gold deposits located in the California-Vetas mining district located 25 km to the east. In early 2020, follow-up rock-chip sampling and mapping was conducted on outcropping hydrothermal veins within prospective areas at Pastora. Also a logistical assessment of the project area was carried out to prepare for a future geophysical survey which will assist in drill targeting once permitting is completed. Importantly, the Pastora and El Playon applications are outside the Paramo de Santurban, national parks and forestry reserves and were expected to be progressed quickly following the completion of conversion of applications to a new graticular title system by the mining authority. The outbreak of the COVID-19 virus is also negatively affecting government departments in Colombia and as a result the grant of exploration titles awaited by Rugby will be delayed.

The Motherlode Gold Copper Project, Philippines

Following completion of the drilling program at Motherlode, on September 19, 2019, Rugby announced it had intersected a gold-copper porphyry below mine workings and provided drill results (see Rugby NR 19-13). Planned work includes a magnetotelluric survey, further geochemical sampling on potential extensions of the Motherlode vein system. In addition, a detailed review of the drill results is planned with a view to conducting additional drilling to target the high grade vein potential and higher grade potential in the potassic zone of the porphyry. Prior to March 20, 2020, the Company and All-Acacia negotiated a second amendment to the current option agreement which modifies the quantum and timing of the next option payments (see Projects above).

El Zanjon Project, Argentina

On July 31, 2019, Rugby entered into an option agreement to earn up to 100% of the El Zanjon Gold and Silver Project

covering 600 square km in Santa Cruz, Argentina. On April 2020 Rugby announced the results of a soil sampling program which was initiated as a follow-up to ground magnetic surveys which had outlined prospective structures for hosting epithermal gold silver mineralization characteristic of the Deseado Massif. Future plans include more detailed follow-up sampling in the year but this work is subject to more favourable weather and easing of the current lockdown restrictions in Argentina due to COVID-19.

The Otway Project, Australia

Limited geochemical sampling and geological reconnaissance work conducted within the 118 square km property identified a number of prospective gold and copper anomalies for further investigation. On May 28, 2020, the Company announced the signing of an option agreement with Calidus under which Calidus can earn an interest of up to 70% in the Otway project (see Projects above).

The Cobrasco Project, Colombia

In April 2019, Rugby was notified that its drilling permit application for the Cobrasco project had been denied by the Forestry Department (“Forestry”), a division within the Colombian Ministry of the Environment. The Company appealed the decision which was rejected by Forestry in November 2019. The Company continues to work with environmental experts and legal advisors to address Forestry’s concerns and explore best options to obtain approval.

Financial Instruments

(a) Fair Value

The carrying amount of cash and cash equivalents, amounts receivable, 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 accounts receivable. The Company deposits the majority of its cash with high credit quality financial institutions in Canada and holds balances in banks in Colombia, Australia and the 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, Australia, Argentina and the Philippines 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, Colombian Pesos, and Philippine Pesos) and are therefore subject to fluctuation against the Canadian Dollar. Such foreign currency balances, which are held in the Company’s Colombian, Australian and Philippine subsidiaries, are subject to fluctuations against the Colombian Peso, Australian Dollar and Philippine Peso respectively.

As at May 31, 2020 and February 29, 2020, the Canadian parent company had nominal balances in foreign currencies.

Assuming that all other variables remain constant, a 10% depreciation or appreciation of the US Dollar, Colombian Peso, Philippine Peso and Australian Dollar against the Canadian Dollar would result in an insignificant change in the Company's consolidated statement of 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.

Based on the amount of cash and cash equivalents held at May 31, 2020, and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an insignificant change in the interest earned by the Company.

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 and cash equivalents at May 31, 2020 in the amount of \$285,280 (February 29, 2020 - \$443,897) in order to meet short-term business requirements. At May 31, 2020, the Company had current liabilities of \$68,656 (February 29, 2020 - \$62,956).

On July 22, 2020 the Company completed a non-brokered private placement financing (see Financial Condition, Liquidity and Capital Resources above).

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 details of Rugby's accounting policies are presented in Note 4 of its audited consolidated financial statements for the year ended February 29, 2020. These policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the Company's consolidated financial statements and the uncertainties that could have a bearing on its financial results.

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:

Epidemic diseases such as the recent outbreak of COVID-19.

The Company's business could be adversely impacted by the effects of the COVID-19 or other epidemics. On March 11, 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.

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 on select projects in Colombia and the Philippines 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 (please see the Projects section above for more details).

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 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

The Company has 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.

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.

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 Bryce Roxburgh, 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 not entered into a formal services agreement with Bryce Roxburgh, the 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-V, the price of our common shares has fluctuated between \$0.04 and \$1.87. 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. 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 consolidated financial statements and the audited annual consolidated 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.

Management's Responsibility for the Financial Statements

The Audit Committee is responsible for reviewing the contents of this document along with the Interim Financial Statements to ensure the reliability and timeliness of the Company's disclosure while providing another level of review for accuracy and oversight. There have been no changes in the Company's disclosure controls and procedures during the period ended May 31, 2020.

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 Mabuhay (Motherlode), Tantalus and El Zanjón projects, the ability to mitigate foreign exchange risk, the ability of the Company to respond to market fluctuations and government regulations, the ability of the Company to demonstrate that a commercially viable mineral deposit exists on its various projects and the future effect of the COVID-19 pandemic.

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. 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 ability to maintain and raise sufficient cash resources to fund ongoing administrative requirements, expected exploration programs 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 ongoing financial and economic uncertainties in the United States and Europe and the Company's ability to raise capital in the future to fund its operations;
- risks related to currency fluctuations and operating within foreign currency regulations in Australia, Colombia, Argentina and the Philippines and the enactment or enforcement of additional restrictions;

- changes in the market price of gold, silver, copper 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;
- 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 permits necessary to commence operations at Cobrasco;
- 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 Australia, Colombia, Argentina and 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;
- risks relating to potential claims by indigenous people over the Company's mineral properties;
- risks related to working in jurisdictions where there is a history of political instability and social unrest;
- risks related to working in jurisdictions where there is a potential or history of inflation making it difficult or economically infeasible to hire or retain necessary workers or contractors or obtain goods or services necessary to operate effectively; and
- uncertainties of the impact created by the COVID-19 pandemic on the timing of exploration work and development studies.

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. 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 negotiations, misjudgments in the course of preparing forward looking statements. 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.

Additional Information

As at July 28, 2020 the Company had:

- (i) 102,707,020 common shares issued and outstanding.
- (ii) 11,525,000 outstanding stock options with a weighted average exercise price of \$0.15.
- (iii) 2,087,500 outstanding warrants at an exercise price of \$0.14 until expiry on October 15, 2020.
- (iv) 10,050,000 warrants exercisable at a price of \$0.17 until expiry on October 30, 2021.
- (v) 8,937,142 warrants exercisable at a price of \$0.12 until expiry on July 23, 2022.

Directors and Officers

Directors:

Bryce Roxburgh
Yale Simpson
Paul Joyce
Cecil Bond
Robert Reynolds
Merfyn Roberts

Officers:

Bryce Roxburgh, President and CEO
Yale Simpson, Chairman
Paul Joyce, COO
Cecil Bond, Executive Vice President, Finance
Alejandro Adams, CFO
Jonathan Hermanson, Vice President, Corporate Development
Rob Grey, Vice President, Corporate Communications

Contact Persons

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Additional information regarding the Company is available on SEDAR at www.sedar.com.