



Management's Discussion and Analysis

August 31, 2019

Rugby Mining Limited

Management's Discussion and Analysis For the six months ended August 31, 2019

October 21, 2019

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, 2019, 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. All documents noted above and any additional information relating to the Company, are available for viewing on SEDAR at www.sedar.com and/or the Company's website at www.rugbymining.com.

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. The Company 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 28, 2019.

The Company began the period with 76,766,547 common shares outstanding and ended the period with 83,719,878 common shares outstanding.

On March 15, 2019, the Company completed a non-brokered private placement financing consisting of 6,588,331 units (the “Units”) at a price of \$0.18 per Unit for gross proceeds of \$1,185,900. 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 \$0.30 until March 20, 2020. The Company paid \$11,410 as finder's fees in connection with the financing which was charged to share capital.

Additionally, on March 26, 2019, pursuant to the amended Mabuhay option agreement, the Company issued 365,000 common shares at a deemed price of \$0.18 per share to settle the initial staged payment of US\$50,000.

Going Concern

The Company's unaudited 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 may 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 August 31, 2019, the Company had an accumulated deficit of \$28,742,598 (February 28, 2019 - \$27,375,859) and working capital of \$278,134 (February 28, 2019 - \$394,769). 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 would be material.

Subsequent to August 31, 2019, on September 24, 2019, the Company announced a non-brokered private placement financing consisting of 10,000,000 units (the “Units”) at a price of \$0.10 per Unit for gross proceeds of \$1,000,000. Each Unit will consist 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 \$0.17, 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.

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 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 from the grant date of the EP:

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

Additionally, the Company is required to incur the following staged expenditures totaling US\$4.5 million over six years from the grant date of the EP, 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.

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 comprises two contiguous exploration licences, which are prospective for copper and gold mineralization, covering 134 square kilometres in the northwest of Western Australia. The Otway concessions were granted in July 2017.

Colombia Gold Projects

a) Regional Applications, Colombia

On June 1, 2016, Rugby announced that it had acquired an extensive portfolio of both granted exploration concessions and applications covering approximately 845 square km in Colombia for a nominal cash consideration.

The portfolio comprises numerous projects including la Pastora project which is 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. La Pastora 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. The timing for completion of the conversion to new system and grant of the concessions is uncertain. 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 a local Colombian company for nominal cash consideration. No residual rights to the subsidiary or the Colombian properties were retained by the former owners.

b) The San Antonio Gold Project, Colombia ("San Antonio")

On October 19, 2016, the Company announced that it had entered into an option agreement with a private Colombian company to earn a 100% interest, subject to a 1% NSR in San Antonio. San Antonio is situated approximately 80km south of Medellin in the Mid-Cauca Gold District.

On November 7, 2018, the Company relinquished its option over the San Antonio project as drilling results were below expectations.

Cobrasco Copper Project, Colombia "Cobrasco"

The Cobrasco concessions, located 100 kilometres ("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, a division within the Colombian Ministry of the Environment. The Company is appealing the decision. 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 its consolidated financial statements for 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 kilometres within the Deseado Massif gold and silver district.

Rugby has a minimum exploration commitment of \$50,000 which will cover more detailed ground magnetic surveys 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. Pursuant to the terms of the option agreement, on July 26, 2019, the Company paid \$15,000 and will be required to make further annual tenure payments totaling \$15,000 each. The vendors will retain a 2% NSR.

Selected Information

The Company’s Interim Financial Statements for the second quarter ended August 31, 2019 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:

Six months period ended August 31,	2019		2018	
Interest income	\$	48	\$	308
Mineral property exploration expenditures	\$	840,223	\$	467,292
Share-based compensation*	\$	75,005	\$	58,016
Net loss	\$	1,366,739	\$	981,386
Basic and diluted loss per common share	\$	0.02	\$	0.01
Number of shares outstanding		83,719,878		76,766,547

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

As at	August 31, 2019	February 28, 2019
Total assets	\$ 460,716	\$ 660,011
Total liabilities	\$ 116,507	\$ 199,167
Shareholders' equity	\$ 344,209	\$ 460,844
Deficit	\$ (28,742,598)	\$ (27,375,859)

Six months ended August 31, 2019 compared to six months ended August 31, 2018

The Company had cash and cash equivalents of \$343,920 at August 31, 2019 and reported a loss of \$1,366,739 compared to a loss of \$981,386 for the comparable period in 2018. Share-based compensation expense of \$75,005 was incurred, compared to \$58,016 in 2018, due to recognizing the expense associated with the vesting of certain options that were issued in previous years.

The Company currently has no revenue generating activities other than interest income.

Significant variances:

- Administrative: \$388,525 (2018 - \$363,359) – the increase in 2019 is mainly due to an increase in full time position employees.
- Mineral property exploration expenditures: \$840,223 (2018 - \$467,292) – the variance is mainly due to costs incurred in 2019 related to a drilling program at the Motherlode project. Drilling costs in 2019 were approximately \$330,000 (2018 - \$nil), field camp costs were approximately \$100,000 in 2019 (2018 - \$52,000) and geological costs in 2019 were approximately \$113,000 (2018 - \$70,000). Tenement and option fees of approximately \$89,000 were incurred in 2019 related to projects in the Philippines, Argentina and Australia, compared to fees of approximately \$125,000 incurred in 2018 related to projects in Colombia and Australia.

Three months ended August 31, 2019 compared to three months ended August 31, 2018

For the second quarter ended August 31, 2019, the Company recorded a loss of \$903,389 (\$0.01 per share) compared to a loss for the same period in 2018 of \$614,148 (\$0.01 per share).

Significant variances as follows:

- Administrative: \$193,375 (2018 - \$188,587) – the increase in 2019 is mainly due to an increase in full time position employees.
- Mineral property exploration expenditures: \$650,881 (2018 - \$341,386) – the increase in 2019 is mostly attributable to costs related to a drilling program at the Motherlode project. Drilling costs in 2019 were approximately \$330,000 (2018 - \$nil), field camp costs were approximately \$97,000 in 2019 (2018 - \$44,000) and geological costs in 2019 were approximately \$82,000 (2018 - \$47,000). Tenement and option fees of approximately \$24,000 were incurred in 2019 related to projects in Argentina and Australia, compared to fees of approximately \$122,000 incurred in 2018 related to projects in Colombia.

Summary of Quarterly Results

The following selected financial information is a summary of the eight most recently completed quarters up to August 31, 2019.

	2020		2019				2018	
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
Net loss for the period (\$)	903,389	463,350	470,588	815,746	614,148	367,238	472,460	605,962
Basic and diluted loss per common share for the period	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.00	\$0.01	\$0.01

The elevated net loss in the second quarter 2020 compared to the previous quarter is mainly due to the recent drill program at the Motherlode project which included drilling costs of approximately \$330,000, field camp costs of approximately \$94,000 and geological costs of approximately \$47,000. 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 is mainly due to a drilling program at the San Antonio project in Colombia which included drilling costs of approximately \$285,000 and certain travel expenses which were previously shared with other companies and now are Rugby's responsibility. The increase in net loss during the second quarter of 2019 compared to the previous one is mainly due to higher exploration expenditures related to a field study at Cobrasco and tenement fees paid in Colombia of approximately \$93,000. The elevated level of expenditures in the third quarter of 2018 is due to increased project activity on Cobrasco and increased share based compensation expense from the grant of stock options.

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

As at August 31, 2019 the Company had cash resources of \$343,920.

On March 15, 2019, the Company completed a non-brokered private placement financing consisting of 6,588,331 units (the "Units") at a price of \$0.18 per Unit for gross proceeds of \$1,185,900. 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 \$0.30 until March 20, 2020. The Company paid \$11,410 as finder's fees in connection with the financing which was charged to share capital.

Additionally, on March 26, 2019, pursuant to the amended Mabuhay option agreement, the Company issued 365,000 common shares at a deemed price of \$0.18 per share to settle the initial staged payment of US\$50,000.

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 project (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.

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

Related Party Transactions

During the six month period ended August 31, 2019, a total of \$112,575 (2018 – \$113,626) 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 companies controlled by directors of the Company as at August 31, 2019 of \$56,826 (February 28, 2019 – \$131,157) are for consulting fees and expenses incurred on behalf of the Company and are non-interest bearing and due on demand.

The total of \$112,575 incurred for the six month period ended August 31, 2019 was paid or accrued as follows: \$62,496 (2018 – \$62,496) to Berenvy Pty Ltd., a company controlled by the COO and former President & CEO of the Company for consulting fees, \$30,000 (2018 - \$30,000) to Rowen Company Ltd., a company controlled by the President and CEO and former Chairman of the Company for consulting fees and \$20,079 (2018 - \$21,130) to Rogo Investments Pty Ltd., a company controlled by a director of the Company for office rental fees which are priced at commercial market prices.

Outlook

On September 24, 2019, the Company announced a non-brokered private placement financing consisting of 10,000,000 units (the “Units”) at a price of \$0.10 per Unit for gross proceeds of \$1,000,000. Proceeds from the private placement are expected be used to fund Rugby’s exploration expenditures at its Motherlode project in the Philippines, its Otway project in Australia, its Colombian gold and copper projects, its El Zanjón project in Argentina and for administrative purposes.

The Motherlode Gold Copper Project, Philippines

Following completion of the recent 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 further geochemical sampling on potential extensions of the Motherlode vein system. In addition, a detailed review of the recent 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.

The Otway Project, Australia

Further geochemical sampling and geological reconnaissance was conducted within the 118 square kilometre property. A number of prospective gold and copper anomalies were identified for further investigation. In a report prepared for Rugby summarizing the work to date, it is recommended that additional work be conducted including geological mapping, systematic rock chip and soil sampling. This work may lead to the development of drill targets.

Regional Projects, Colombia

The Company has an extensive portfolio of both granted exploration concessions and applications, including the Pastora project, covering over 600 square kilometres in Colombia. Over 1,800 geochemical samples collected to date have defined a large 7 kilometre by 6 kilometre gold in soil anomaly which also has similar geological characteristics and size to the 30Moz California-Vetas gold deposits located 25 kilometres to the east. Importantly, the Pastora project is outside the Paramo de Santurban and unaffected by requirements for forestry extraction. The applications are expected to be progressed following the completion of conversion of applications to a new graticular title system by the mining authority. The timing for completion of the conversion to new system and grant of the concessions is uncertain however follow-up rock-chip sampling and mapping is currently being conducted on outcropping hydrothermal veins within prospective areas at Pastora. Also a logistical assessment of the project area is being carried out to prepare for a future geophysical survey which will assist in drill targeting once permitting is completed.

El Zanjón Project, Argentina

On July 31, 2019, Rugby entered into an option agreement to earn up to 100% of the El Zanjón Gold and Silver Project covering 600 square kilometres in Santa Cruz, Argentina. Planning for a ground magnetic survey totaling 530 line

kilometres is well advanced. The survey will be conducted over several extensive regional structures which may be favourable for the discovery of high-grade gold-silver mineralization.

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, a division within the Colombian Ministry of the Environment. The Company is appealing the decision.

Financial Instruments

(a) Fair Value

The carrying amount of cash and cash equivalents, accounts 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 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, accounts 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 August 31, 2019 and February 28, 2019, 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 August 31, 2019, 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 at August 31, 2019 in the amount of \$343,920 (February 28, 2019 - \$554,845) in order to meet short-term business requirements. At August 31, 2019, the Company had current liabilities of \$116,507 (February 28, 2019 - \$199,167).

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 28, 2019. 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.

Changes in Accounting Policy and Disclosures

New Standards and Interpretations

IFRS 16 – Leases

The new leases standard replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

The Company did not restate prior periods as there was no impact at the date of initial application. The adoption of IFRS 16 resulted in no impact to the opening accumulated deficit on March 1, 2019.

Risks and Uncertainties

General

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

Business Cycles

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

Risk Factors

The activities of the Company are speculative due to the high risk nature of its business which is the acquisition, financing, exploration and development of mineral exploration properties. The following risk factors, which are not exhaustive, could materially affect the Company's business, financial condition or results of operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. These risks include but are not limited to the following:

We have no operating history.

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

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

The Company is subject to substantial environmental requirements which could cause a restriction or suspension of certain operations. The current and anticipated future operations and exploration activities of the Company on select projects in Colombia, Argentina, Australia 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, Argentine, 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, Argentina, the Philippines, 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, our Chief Executive Officer. We maintain no "key man" life insurance on any members of our management or directors.

Conflicts of interest

Certain of our directors and officers are also directors and/or officers and/or shareholders of other natural resource

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

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

The market for our common shares may be highly volatile for reasons both related to our performance or events pertaining to the industry (i.e. mineral price fluctuation/high production costs/accidents) as well as factors unrelated to us or our industry such as economic recessions and changes to legislation in the countries in which we operate. In particular, market demand for products incorporating minerals in their manufacture fluctuates from one business cycle to the next, resulting in changes in demand for the mineral and an attendant change in the price for the mineral. Since our listing on the TSX Venture Exchange, the price of our common shares has fluctuated between \$0.04 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 August 31, 2019.

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 property, the ability to mitigate foreign exchange risk, the ability of the Company to respond to market fluctuations and government regulations and the ability of the Company to demonstrate that a commercially viable mineral deposit exists on its various projects.

Certain statements contained in this MD&A constitute forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward looking statements. While the Company has based these forward-looking statements on its expectations about future events as at the date that this document was prepared, the statements are not a guarantee of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. 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, Argentina, Colombia 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 and other Colombian projects;
- 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, Argentina, Colombia 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; and
- 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.

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 October 21, 2019 the Company had:

- (i) 83,719,878 common shares issued and outstanding
- (ii) 10,900,000 outstanding stock options with a weighted average exercise price of \$0.15
- (iii) 875,000 outstanding stock options with a weighted average exercise price of \$0.16
- (iv) 2,087,500 outstanding warrants at an exercise price of \$0.14 until expiry on October 15, 2020.
- (v) 6,017,785 warrants exercisable at a price of \$0.36 until expiry on May 22, 2020.
- (vi) 252,929 warrants exercisable at a price of \$0.50 until expiry on May 22, 2020.
- (vii) 3,294,165 warrants exercisable at a price of \$0.30 until expiry on March 20, 2020.

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 Person

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