



**RUGBY MINING LIMITED**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the nine months ended November 30, 2021 and 2020**  
**(Expressed in Canadian Dollars)**

**Unaudited – Prepared by Management**

## **RUGBY MINING LIMITED**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

Vancouver, Canada

January 28, 2022

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

			<b>November 30, 2021</b>	<b>February 28, 2021</b>
<b>Assets</b>	<b>Notes</b>			
<b>Current</b>				
Cash and cash equivalents		\$	<b>3,204,209</b>	\$ 306,924
Accounts receivable and prepaids			<b>56,643</b>	26,536
<b>Total current assets</b>			<b>3,260,852</b>	333,460
<b>Non-Current</b>				
Right-of-use asset	5		<b>24,556</b>	48,097
Mineral properties	4		<b>7,201,190</b>	66,075
<b>Total assets</b>		\$	<b>10,486,598</b>	\$ 447,632
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities		\$	<b>397,656</b>	\$ 58,644
Due to related parties	11		<b>21,124</b>	6,486
Lease liability	5		<b>25,154</b>	28,636
<b>Total current liabilities</b>			<b>443,934</b>	93,766
<b>Non-Current</b>				
Loan payable	6		<b>40,000</b>	40,000
Lease liability	5		<b>-</b>	19,818
<b>Total liabilities</b>		\$	<b>483,934</b>	\$ 153,584
<b>Shareholders' Equity</b>				
Share capital	7	\$	<b>35,054,107</b>	\$ 24,451,430
Contributed surplus			<b>7,134,248</b>	6,672,774
Deficit			<b>(32,092,345)</b>	(30,732,301)
Accumulated other comprehensive loss			<b>(93,346)</b>	(97,855)
<b>Total shareholders' equity</b>		\$	<b>10,002,664</b>	\$ 294,048
<b>Total liabilities and shareholders' equity</b>		\$	<b>10,486,598</b>	\$ 447,632

**Nature of Operations and Going Concern (Note 1)**

Approved on behalf of the Board:

*Robert Reynolds*  
..... Director

*Yale Simpson*  
..... Director

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

		<b>Three Months ended</b>		<b>Nine Months ended</b>	
		<b>November 30,</b>		<b>November 30,</b>	
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Expenses</b>					
Accounting, audit and professional fees		\$ 70,490	\$ 30,752	\$ 126,617	\$ 105,217
Administrative	8	161,512	57,376	393,098	151,823
Bank charges		7,343	1,126	9,811	3,512
Depreciation of right-of-use-assets	5	6,783	2,273	20,647	2,273
Directors' fees	8	19,249	4,702	94,378	19,974
Foreign exchange (gain)/loss		8,658	(3,342)	7,826	767
Insurance		13,712	9,088	36,098	27,632
Interest on lease liability	5	335	204	1,256	204
Mineral property exploration expenditures	4 & 8	315,632	166,641	572,303	338,434
Shareholder communications		6,815	3,350	22,694	21,391
Stock exchange and filing fees		21,277	4,981	28,507	13,176
Transfer agent		4,673	1,799	6,926	4,327
Travel		20,967	1,255	39,883	9,219
		<b>657,446</b>	<b>280,205</b>	<b>1,360,044</b>	<b>697,949</b>
<b>Net loss for the period</b>		<b>657,446</b>	<b>280,205</b>	<b>1,360,044</b>	<b>697,949</b>
<b>Other comprehensive loss</b>		<b>(11,518)</b>	<b>1,692</b>	<b>(4,509)</b>	<b>2,354</b>
<b>Comprehensive loss for the period</b>		<b>\$ 645,928</b>	<b>\$ 281,897</b>	<b>\$ 1,355,535</b>	<b>\$ 700,303</b>
<b>Basic &amp; diluted loss per common share from loss for the period</b>					
		<b>\$ 0.004</b>	<b>\$ 0.003</b>	<b>\$ 0.011</b>	<b>\$ 0.007</b>
<b>Weighted average number of common shares outstanding</b>					
		<b>141,092,774</b>	<b>103,041,086</b>	<b>119,286,531</b>	<b>98,105,254</b>

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

<b>For the nine months ended,</b>	<b>Notes</b>	<b>November 30, 2021</b>	<b>November 30, 2020</b>
<b>Operating Activities</b>			
Net loss for the period		\$ (1,360,044)	\$ (697,949)
Items not requiring an outlay of cash:			
Share based payments	8	178,063	53,009
Shares issued for mineral property exploration expenditures		-	30,399
Depreciation of right-of-use-assets	5	20,647	2,273
Interest expense on lease liability	5	1,256	204
		(1,160,078)	(612,064)
Changes in non-cash working capital			
Accounts receivable and prepaids		(15,959)	25,041
Accounts payable and accrued liabilities		(94,570)	(22,452)
Due to related parties		14,638	(7,493)
<b>Cash outflows used in operating activities</b>		<b>(1,255,969)</b>	<b>(616,968)</b>
<b>Investing Activities</b>			
Acquisition of mineral properties	4	(167,062)	-
<b>Cash outflows used in investing activities</b>		<b>(167,062)</b>	<b>-</b>
<b>Financing Activities</b>			
Loan payable	6	-	40,000
Lease liability payments	5	(21,628)	(2,381)
Shares issued for cash	7	4,542,717	679,600
Share issue costs	7	(205,248)	(13,325)
<b>Cash flows provided by financing activities</b>		<b>4,315,841</b>	<b>703,894</b>
Effect of foreign exchange rate change on cash		4,475	(1,221)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>2,897,285</b>	<b>85,705</b>
<b>Cash and cash equivalents - beginning of period</b>		<b>306,924</b>	<b>443,897</b>
<b>Cash and cash equivalents - end of period</b>		<b>\$ 3,204,209</b>	<b>\$ 529,602</b>

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

	Issued Share Capital		Contributed Surplus	Deficit	Accumulated Other Comprehensive (Loss) Gain	Total Shareholders' Equity
	Number of Shares	Amount				
<b>Balance at February 29, 2020</b>	<b>93,769,878</b>	<b>\$ 23,715,804</b>	<b>\$ 6,523,510</b>	<b>\$ (29,640,335)</b>	<b>\$ (95,895)</b>	<b>\$ 503,084</b>
- Equity financing	8,937,142	625,600	-	-	-	625,600
- Share issue costs	-	(13,325)	-	-	-	(13,325)
- Shares issued for Mabuhay (Motherlode) property option	253,326	30,399	-	-	-	30,399
- Options exercised	600,000	54,000	-	-	-	54,000
- Contributed surplus allocated on exercise of options	-	38,952	(38,952)	-	-	-
- Share-based payments recognized	-	-	53,009	-	-	53,009
- Other comprehensive loss	-	-	-	-	(2,354)	(2,354)
- Net loss for the period	-	-	-	(697,949)	-	(697,949)
<b>Balance at November 30, 2020</b>	<b>103,560,346</b>	<b>\$ 24,451,430</b>	<b>\$ 6,537,568</b>	<b>\$ (30,338,284)</b>	<b>\$ (98,249)</b>	<b>\$ 552,465</b>
- Share-based payments recognized	-	-	135,206	-	-	135,206
- Other comprehensive loss	-	-	-	-	394	394
- Net loss for the period	-	-	-	(394,017)	-	(394,017)
<b>Balance at February 28, 2021</b>	<b>103,560,346</b>	<b>\$ 24,451,430</b>	<b>\$ 6,672,774</b>	<b>\$ (30,732,301)</b>	<b>\$ (97,855)</b>	<b>\$ 294,048</b>
- Equity financing – March 16, 2021	5,150,000	515,000	-	-	-	515,000
- Equity financing – October 27, 2021	33,414,312	4,009,717	-	-	-	4,009,717
- Share issue costs	-	(205,248)	-	-	-	(205,248)
- Options exercised	300,000	18,000	-	-	-	18,000
- Contributed surplus allocated on exercise of options	-	15,208	(15,208)	-	-	-
- Share-based payments recognized	-	-	178,063	-	-	178,063
- Consideration Shares - Acquisition of Proximo Resources (Note 4)	50,000,000	6,250,000	-	-	-	6,250,000
- Fair value of 3,500,000 options – Acquisition of Proximo Resources (Note 4)	-	-	298,619	-	-	298,619
- Other comprehensive loss	-	-	-	-	4,509	4,509
- Net loss for the period	-	-	-	(1,360,044)	-	(1,360,044)
<b>Balance at November 30, 2021</b>	<b>192,424,658</b>	<b>\$ 35,054,107</b>	<b>\$ 7,134,248</b>	<b>\$ (32,092,345)</b>	<b>\$ (93,346)</b>	<b>\$ 10,002,664</b>

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED NOVEMBER 30, 2021 AND 2020**  
**(UNAUDITED)**

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**1. Nature of Operations and Going Concern**

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

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

These unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Several adverse conditions and material uncertainties cast significant doubt upon the validity of this assumption. The Company has no source of operating revenue, is unable to self-finance operations, and has significant cash requirements to maintain its mineral interests (see Note 4) and overhead requirements. The Company has incurred operating losses since inception. As at November 30, 2021, the Company had an accumulated deficit of \$32,172,920 (February 28, 2021 - \$30,732,301) and working capital of \$2,818,006 (February 28, 2021 - \$239,694). In addition, if the Company is to advance or develop its projects, it will be necessary to obtain additional financing. Although management has been successful in the past in raising capital, there are no assurances that the Company will be successful raising capital in the future. The Company plans to raise additional equity in order to obtain funding to meet on-going expenditures.

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

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

*COVID-19*

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

**2. Basis of Preparation**

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

These Interim Financial Statements were approved and authorized by the Audit Committee of the Board of Directors for issue on January 28, 2022.

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTH PERIOD ENDED NOVEMBER 30, 2021 AND 2020**  
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**3. Significant Accounting Policies**

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

**4. Mineral Properties – Acquisition and Exploration Costs**

**a) Acquisition Costs**

<i>Cost</i>	
As at March 1, 2020 – Colombia properties	\$ 66,075
<b>Balance as at February 28, 2021</b>	<b>\$ 66,075</b>
As at March 1, 2021	\$ 66,075
Additions – Proximo Resources Pty Ltd	7,135,115
<b>Balance as at November 30, 2021</b>	<b>\$ 7,201,190</b>

**Acquisition of Proximo Resources Pty Ltd**

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

Pursuant to the terms of the purchase agreement between Rugby, Proximo, the shareholders of Proximo ("Proximo Shareholders") and the holders of stock options of Proximo ("Proximo Optionholders" and collectively with the Proximo Shareholders, the "Sellers"), in consideration for the acquisition of Proximo, Rugby issued to the Sellers an aggregate of 50 million common shares and to the Proximo Optionholders (who became eligible persons to receive options under Rugby's stock option plan upon closing), stock options to acquire up to 3,500,000 common shares at a price of \$0.10 per share until January 13, 2026.

<b>Consideration</b>	
Fair value of common shares issued (50,000,000 common shares @ \$0.125 per share)	\$6,250,000
Fair value of 3,500,000 Rugby options granted @ \$0.10	298,619
<b>Total equity consideration</b>	<b>\$6,548,619</b>
Transaction costs	190,747
<b>Total consideration</b>	<b>\$6,739,366</b>

The fair value of the 3,500,000 options granted by the Company was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	November 30, 2021
Expected annual volatility	122%
Risk-free interest rate	1.22%
Expected life	4.26 years
Expected dividend yield	0%

The Acquisition was accounted for as an asset acquisition. The total consideration was allocated to the assets acquired based on their fair value with the balance of the consideration recorded to mineral properties:



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

**Assets acquired:**

Cash	\$23,685
Amounts receivable and prepaids	14,148
Salvadora (Chile)	7,015,296
Venidero (Argentina)	89,550
Altiro-Futuro (Chile)	30,269
Accounts Payable and accrued liabilities	(153,391)
Loans	(280,191)
<b>Net assets acquired</b>	<b>\$6,739,366</b>

**b) Exploration Costs**

The following tables show the Company's exploration and evaluation expenditures for the nine month periods ended November 30, 2021 and 2020.

**Nine Months Ended November 30, 2021**

	Generative & Other	Salvadora	El Zanjón	Cobrasco	Colombia Gold	Georgetown	Venidero	Motherlode	Total
Assays	\$ -	\$ 8,056	\$ 31,598	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,654
Environmental	-	8,049	21,303	-	-	-	-	-	29,352
Field camp	-	17,711	8,105	-	-	-	-	16,839	42,655
Geological and geophysics*	566	103,365	86,362	5,878	23,327	-	-	1,512	221,010
IVA	-	24,501	-	-	-	-	-	-	24,501
Legal & title	-	17,028	-	2,933	3,228	-	3,127	309	26,625
Office operations	496	132	-	3,250	7,740	-	-	748	12,366
Tenement fees, access and option payments	-	-	15,000	-	-	35,615	-	-	50,615
Travel	-	20,065	-	2,638	4,245	-	-	3,629	30,577
Wages and benefits	-	20,624	-	16,570	49,711	-	-	8,043	94,948
Exploration and evaluation costs	\$ 1,062	\$ 219,531	\$ 162,368	\$ 31,269	\$ 88,251	\$ 35,615	\$ 3,127	\$ 31,080	\$ 572,303

\* Includes share based compensation

**Nine months Ended November 30, 2020**

	Generative & Other	El Zanjón	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$ 16,122	\$ -	\$ 4,933	\$ -	\$ 21,055
Field camp	272	-	-	-	10,519	10,791
Geological and geophysics*	12,922	38,643	4,907	18,225	36,018	110,715
Legal & title	306	-	3,425	5,638	-	9,369
Office operations	-	-	2,347	6,745	1,082	10,174
Tenement fees and option payments	7,083	15,000	-	-	65,932	88,015
Travel	1,962	-	-	5,048	4,867	11,877
Wages and benefits	78	-	15,122	45,367	15,871	76,438
Exploration and evaluation costs	\$ 22,623	\$ 69,765	\$ 25,801	\$ 85,956	\$ 134,289	\$ 338,434

\* Includes share based compensation

**The Salvadora Silver-Copper-Gold Project, Chile – recently acquired under the Proximo acquisition**

The undrilled Salvadora Silver-Copper-Gold Project ("Salvadora") is located 2.5 hours' drive by sealed all weather road from the Coquimbo deep water port and La Serena capital airport at the southern end of the El Indio gold belt in the Coquimbo region of Chile.

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

*The Salvadora Option Agreement*

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

The first option agreement, comprising 30 exploration and mining concessions, provides for escalating annual payments totalling US\$900,000 and in-ground expenditures of US\$8,100,000 contingent on success over 5 years as follows:

Annual payments:

- (i) US\$45,000 by July 19, 2021 (paid);
- (ii) US\$90,000 by May 19, 2022;
- (iii) US\$135,000 by May 19, 2023;
- (iv) US\$225,000 by May 19, 2024; and
- (v) US\$405,000 by May 19, 2025.

Expenditures:

- (i) US\$405,000 by May 19, 2022;
- (ii) US\$810,000 by May 19, 2023;
- (iii) US\$1,215,000 by May 19, 2024;
- (iv) US\$2,025,000 by May 19, 2025; and
- (v) US\$3,645,000 by May 19, 2026.

A final payment, less the US\$900,000 paid, is payable based on resources established ranging from US\$3.27 per gold equivalent ounce for inferred resources to US\$79.00 per gold equivalent ounce for proven reserves.

The second option agreement, comprising 5 exploration and mining concessions, requires escalating annual payments totalling US\$555,000 over 4 years, as follows:

- (i) US\$40,000 by July 7, 2021 (paid);
- (ii) US\$65,000 by June 7, 2022;
- (iii) US\$100,000 by June 7, 2023;
- (iv) US\$100,000 by June 7, 2024; and
- (v) US\$250,000 by June 7, 2025.

There are no expenditure commitments and the vendor will retain a 1% net smelter royalty (“NSR”) which can be purchased for US\$5,000,000.

El Zanjón Gold and Silver Project, Argentina

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

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

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

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

\* On September 23, 2021, Rugby and the vendors agreed to add any shortfall in exploration expenditures related to stage (ii) to stage (iii) with no changes to the option agreement which continues in good standing.

Motherlode Gold Copper Project, Philippines

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

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

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

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

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

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

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

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

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

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

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

Upon the exercise of the Mabuhay Option, All-Acacia and the Company have agreed to form a joint venture with respect to the development of and conduct of mining operations on the property and on each anniversary date thereafter, the Company must pay an additional US\$200,000 to All-Acacia towards All-Acacia's pro-rata share of expenditures until commencement of production from the Mabuhay project.

Colombia Gold Projects

Regional Applications, Colombia

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

Tantalus

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

Cobrasco Copper Project, Colombia

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

The Deseado Project, Argentina and Chile – recently acquired under the Proximo acquisition

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

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

The Otway Project, Australia

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

On May 28, 2020, the Company announced the signing of an Option Agreement (“Agreement”) with Calidus Resources Limited (“Calidus”) under which Calidus could have earned an interest of up to 70% in the Otway project. Calidus subsequently withdrew from the Agreement in November 2021.

Georgetown Project, Australia

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

**5. Right-of-use asset and liability**

In November 2020, the Company entered into a lease agreement for office space in Sydney, Australia. The ROU asset for this office is being amortized on a straight-line basis until the end of the lease term in November 2022. The lease payments were discounted using a discount rate of 4.5% per annum which represents the Company’s incremental borrowing rate. The continuity of the ROU asset and lease liability for the nine month period ended November 30, 2021 is as follows:

<b>Right-of-use assets</b>	\$
Value of ROU asset as at March 1, 2021	48,097
Depreciation	(20,647)
Foreign exchange	(2,894)
Value of ROU asset as at November 30, 2021	<u>24,556</u>
<b>Lease liability</b>	\$
Value of lease liability as at March 1, 2021	48,454
Interest on lease liability	1,256
Lease payments	(21,628)
Foreign exchange	(2,928)
Lease liability as at November 30, 2021	<u>25,154</u>
Current portion	25,154
Non-current portion	<u>-</u>
	<u>25,154</u>

**5. Right-of-use asset and liability (Continued)**

The future minimum lease payments as of November 30, 2021 were as follows:

	\$
2022	25,724
Less: interest payments	(585)
Foreign exchange	15
Present value of minimum lease payments	<u>25,154</u>

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**6. Loan Payable**

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

**7. Share Capital**

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

*Issuances - period ended November 2021*

On March 16, 2021, the Company completed a non-brokered private placement financing consisting of 5,150,000 units (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$515,000. Each Unit consisted of one (1) common share and one half (0.5) common share purchase warrant (a "Half Warrant"). Each full warrant (two (2) Half Warrants together) entitles the holder thereof to purchase one (1) additional common share of the Company at an exercise price of \$0.20 until March 17, 2022. The Company paid \$6,250 as finder's fees in connection with the financing which was charged to share capital.

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

On October 27, 2021, in connection with the acquisition of Proximo (see Note 4), the Company completed a non-brokered private placement, issuing 33,414,312 units (the Units") at \$0.12 per Unit to raise \$4,009,717. Each Unit consists of one (1) common share and one (1) half common share purchase warrant with each whole warrant (a "Warrant"), entitling the holder to purchase one (1) additional common share of the Company until April 26, 2023, at an exercise price of \$0.20, provided that in the event that the closing price of the Company's common shares on the TSX Venture Exchange is \$0.30 or greater per common share during any 10 consecutive trading day period, the Company may, at its option, accelerate the expiry date of the Warrants, in which case the Warrants will expire on the 30th day after the date on which the Company provides notice of such accelerated expiry to warrantholders. The Company paid \$117,336 as finder's fees and \$81,663 in legal fees in connection with the placement which was charged to share capital.

*Issuances - period ended November 2020*

On July 22, 2020, the Company completed a non-brokered private placement financing consisting of 8,937,142 units (the "Units") at a price of \$0.07 per Unit for gross proceeds of \$625,600. Each Unit consisted of one (1) common share and one (1) common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one (1) additional common share of the Company until July 23, 2022 at an exercise price of \$0.12, provided that if 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.

On September 15, 2020, pursuant to the Second Amendment to the Mabuhay Agreement, the Company issued 253,326 common shares at \$0.12 per share to settle 50% of the second option payment of US\$50,000 (\$30,399, see Note 6).

In October 2020, upon the exercise of options, the Company issued 300,000 common shares at a price of \$0.08 per share for total proceeds of \$24,000 and 300,000 common shares at a price of \$0.10 per share for total proceeds of \$30,000.

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**8. Stock Option Plan**

Subsequent to November 30, 2021, at the Company's Annual General Meeting held on December 9, 2021, the shareholders of the Company approved the conversion of the Company's stock option plan (the "Option Plan") from a "fixed plan" to a "rolling plan". The essential elements of the Option Plan are as follows. The aggregate number of shares of the Company's capital stock reserved for issuance pursuant to the Option Plan and all other security-based compensation arrangements will represent a maximum of 10% of the total issued and outstanding shares of the Company at the date of the grant. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the grant date, less the maximum discount permitted by TSX-V), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options granted under the Plan are may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

The following is a summary of the changes in share options during the nine month period ended November 30, 2021 and the year ended February 28, 2021:

	November 30, 2021		February 28, 2021	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	11,250,000	\$0.11	11,650,000	\$0.15
Granted	3,500,000	0.10	5,270,000	0.10
Exercised	(300,000)	0.06	(600,000)	0.09
Cancelled	(400,000)	0.17	(2,215,000)	0.32
Expired	(100,000)	0.30	(2,855,000)	0.10
Options outstanding, end of period	13,950,000*	\$0.10	11,250,000	\$0.11

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

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

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

In connection with the acquisition of Proximo (see Note 4), Rugby granted 3,500,000 stock options to acquire up to 3,500,000 common shares of Rugby at a price of \$0.10 per share until January 13, 2026.

The weighted average fair value at the measurement date of the 5,270,000 options granted by the Company during the year ended February 28, 2021 was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

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

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**8. Stock Option Plan (Continued)**

Share-based compensation for the nine month period ended:	November 30, 2021	November 30, 2020
From stock options granted in the year ended February 28, 2021	\$ 168,191	\$ -
From stock options granted in prior years	9,872	53,010
Total	\$ 178,063	\$ 53,010

The following table summarizes information about the stock options outstanding and exercisable at November 30, 2021:

Range of Prices (\$)	Outstanding Options			Exercisable Options		
	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
0.10 - 0.18	13,950,000	3.33	0.10	10,777,500	3.15	0.11
	13,950,000	3.33	0.10	10,777,500	3.15	0.11

Share-based compensation recognized on options vesting during the nine month periods ended November 30, 2021 and 2020 allocated as follows has been recorded to contributed surplus:

	Three months ended November 30,		Nine months ended November 30,	
	2021	2020	2021	2020
Administrative	\$16,180	\$2,206	\$77,951	\$10,331
Directors' fees	19,249	4,702	94,378	19,974
Mineral property exploration expenditures	534	5,094	5,734	22,704
Total	\$35,963	\$12,002	\$178,063	\$53,009

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

On November 29, 2018, the Company's disinterested shareholders approved the adoption of a RSU/DSU Plan. The Plan provides for granting of RSUs and DSUs for the purpose of advancing the interests of the Company through motivation, attraction and retention of employees, officers, consultants and directors by granting equity-based compensation incentives, in addition to the Company's stock option plan. The maximum number of shares made available for issuance from treasury under the RSU/DSU Plan, subject to certain adjustments described in the RSU/DSU Plan, shall not exceed 1,151,000 shares, provided, however, that the number of shares reserved for issuance from treasury under the RSU/DSU Plan and pursuant to all other security-based compensation arrangements of the Company shall, in the aggregate, not exceed 10% of the number of shares then issued and outstanding.

Restricted share units

RSUs granted pursuant to this Plan will be used to compensate participants for their individual performance based achievements and are intended to supplement stock option awards in this specific respect. As at November 30, 2021, no RSU's have been granted.



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

Deferred share units

DSUs granted pursuant to this Plan will be used as a means of reducing the cash payable by the Company in respect of director compensable amounts. In so doing, the interests of directors will become more closely aligned with those of the Company and its shareholders. As at November 30, 2021, no DSU's have been granted.

**10. Warrants**

No warrants were exercised during the nine month period ended November 30, 2021 (November 30, 2020 - nil).

At November 30, 2021, the Company had an aggregate of 38,269,296 outstanding warrants (February 28, 2021 – 18,987,142) to acquire common shares as follows:

Outstanding	Exercisable	Exercise Price	Expiry Date
2,575,000	2,575,000	\$ 0.20	March 17, 2022
8,937,142	8,937,142	\$ 0.12	July 23, 2022
10,050,000*	10,050,000	\$ 0.17	October 30, 2022
16,707,154	16,707,154	\$ 0.20	April 26, 2023
38,269,296	38,269,296		

\* In October 2021 the Company extended the expiry date of 10,050,000 warrants with an exercise price of \$0.17 per share and original expiry date of October 30, 2021 to expire on October 30, 2022, subject to an acceleration clause.

**11. Related Party Transactions**

During the nine month period ended November 30, 2021, a total of \$34,611 (2020 – \$17,740) was paid or accrued for related party transactions with companies controlled by directors or officers of the Company for consulting fees and office rental. Amounts due to related parties as at November 30, 2021 of \$21,124 (February 28, 2021 – \$6,486) are for consulting fees and reimbursable expenses incurred on behalf of the Company and are non-interest bearing and due on demand.

The total of \$34,611 incurred for the period ended November 30, 2021 was paid or accrued as follows: \$13,500 (2020 - \$nil) to Berenvy Pty Ltd., a company controlled by the Chief Operating Officer of the Company for consulting fees and \$21,111 to Overlay Partners Pty Ltd., a company controlled by the former President & CEO of the Company during the period for consulting fees. Previously, the Company leased office space from Rogo Investments Pty Ltd. ("Rogo"), a company controlled by a director of the Company. The lease terminated in November 2020. The total of \$nil (2020 - \$17,740) incurred for the nine month period ended November 30, 2021 was paid or accrued to Rogo for office rental fees.

**12. Executive Compensation**

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

The following compensation has been provided to key management personnel for the three and nine month periods ended November 30, 2021 and 2020:

	Three months ended November 30,		Nine months ended November 30,	
	2021	2020	2021	2020
Compensation - cash	\$ 102,828	\$ 26,000	\$ 198,828	\$ 48,000
Share-based payments	30,918	5,808	150,533	24,674
Total	\$ 133,746	\$ 31,808	\$ 349,361	\$ 72,674

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**13. Segmented Information**

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

<b>November 30, 2021</b>	Canada	Chile	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$3,112,495	\$ 27,396	\$ 40,409	\$ 16,898	\$ 4,241	\$ 2,770	\$ 3,204,209
Amounts receivable and prepaids	33,672	11,446	6,974	1,598	2,428	525	56,643
Right-of-use asset	-	-	24,556	-	-	-	24,556
Mineral properties	-	7,104,846	-	30,269	66,075	-	7,201,190
Total Assets	3,146,167	7,143,688	71,939	48,765	72,744	3,295	10,486,598
Total Liabilities	(315,704)	(78,087)	(49,201)	(\$9,619)	(20,907)	(10,416)	(483,934)
	\$2,830,463	\$7,065,601	\$22,738	\$ 39,146	\$ 51,837	(\$7,121)	\$ 10,002,664

**Nine months ended November 30, 2021**

Mineral property exploration expenditures	\$ 1,062	\$219,531	\$ 35,615	\$165,495	\$119,520	\$31,080	\$ 572,303
Net loss	\$ 549,463	\$240,675	\$183,184	\$156,793	\$174,652	\$55,277	\$1,360,044

<b>November 30, 2020</b>	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$460,686	\$ 27,051	\$ -	\$ 36,558	\$ 5,307	\$ 529,602
Amounts receivable and prepaids	15,016	10,961	-	3,107	1,943	31,027
Right-of-use assets	-	52,655	-	-	-	52,655
Mineral properties	-	-	-	66,075	-	66,075
Total Assets	475,702	90,667	-	105,740	7,250	679,359
Total Liabilities	(51,308)	(54,613)	-	(17,466)	(3,507)	(126,894)

**Nine months ended November 30, 2020**

Mineral property exploration expenditures	\$ 14,884	\$ 7,738	\$ 69,766	\$111,758	\$134,288	\$338,434
Net loss	\$ 269,719	\$ 32,964	\$ 69,766	\$166,875	\$158,625	\$697,949