



RUGBY MINING LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended August 31, 2019 and 2018
(Expressed in Canadian Dollars)

Unaudited – Prepared by Management

RUGBY MINING LIMITED

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Vancouver, Canada

October 21, 2019

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

		August 31, 2019	February 28, 2019
Assets			
Current			
Cash and cash equivalents	\$	343,920	\$ 554,845
Amounts receivable and prepaids		50,721	39,091
		394,641	593,936
Mineral properties	(Note 4)	66,075	66,075
	\$	460,716	\$ 660,011
Liabilities			
Current			
Accounts payable and accrued liabilities	\$	59,681	\$ 68,010
Due to related parties	(Note 9)	56,826	131,157
		116,507	199,167
Shareholders' Equity			
Share capital	(Note 5)	22,816,555	21,576,365
Contributed surplus		6,365,146	6,290,141
Share subscriptions received in advance	(Note 5)	-	45,000
Deficit		(28,742,598)	(27,375,859)
Accumulated other comprehensive income		(94,894)	(74,803)
		344,209	460,844
	\$	460,716	\$ 660,011
Nature of Operations and Going Concern (Note 1)			
Subsequent Events (Note 12)			

Approved on behalf of the Board:

Robert Reynolds
..... Director

Yale Simpson
..... Director

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

	Three Months ended		Six Months ended	
	August 31,		August 31,	
	2019	2018	2019	2018
Income				
Interest income	\$ 21	\$ 29	\$ 48	\$ 308
Expenses				
Accounting, audit and professional fees	26,376	31,238	64,885	61,917
Administrative (Note 6)	193,375	188,587	388,525	363,359
Bank charges	1,988	1,801	3,120	3,477
Directors' fees (Note 6)	13,493	5,418	17,848	18,091
Foreign exchange loss	(389)	9	(120)	38
Insurance	8,281	8,974	16,296	17,074
Mineral property exploration expenditures (Note 4)	650,881	341,386	840,223	467,292
Shareholder communications	1,711	4,021	11,467	5,303
Stock exchange and filing fees	3,373	3,524	12,373	15,447
Transfer agent	953	1,871	2,011	2,348
Travel	3,368	27,348	10,159	27,348
	903,410	614,177	1,366,787	981,694
Loss for the period	903,389	614,148	1,366,739	981,386
Other comprehensive loss	13,763	17,079	20,091	20,827
Comprehensive loss for the period	\$ 917,152	\$ 631,227	\$ 1,386,830	\$ 1,002,213
Basic & diluted loss per common share from loss for the period	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.01
Weighted average number of common shares outstanding	83,719,878	76,766,547	82,928,466	73,874,323

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the six months ended,	August 31, 2019	August 31, 2018
Operating Activities		
Net loss for the period	\$ (1,366,739)	\$ (981,386)
Items not requiring an outlay of cash:		
Share-based payments (Note 6)	75,005	58,016
Shares issued for mineral property exploration expenditures (Note 4 and 5)	65,700	-
Changes in non-cash working capital		
Amounts receivable and prepaids	(11,630)	(84,792)
Accounts payable and accrued liabilities	(8,329)	66,867
Due to related parties	(74,331)	(5,416)
Cash outflows from operating activities	(1,320,324)	(946,711)
Financing Activities		
Shares issued for cash (Note 5)	1,185,900	2,209,750
Share issue costs (Note 5)	(11,410)	(48,825)
Share subscriptions received in advance (Note 5)	(45,000)	-
Cash flows from financing activities	1,129,490	2,160,925
Effect of foreign exchange rate change on cash and cash equivalents	(20,091)	(17,349)
Net increase in cash and cash equivalents	(210,925)	1,196,865
Cash and cash equivalents - beginning of period	554,845	366,041
Cash and cash equivalents - end of period	\$ 343,920	\$ 1,562,906

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

	Issued Share Capital		Contributed Surplus	Share subscriptions received in advance	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number of Shares	Amount					
Balance at February 28, 2018	70,345,833	\$ 19,403,549	\$ 6,203,694	\$ -	\$ (25,108,139)	\$ (47,742)	\$ 451,362
- Equity Financing	6,270,714	2,194,750	-	-	-	-	2,194,750
- Options exercised	150,000	15,000	-	-	-	-	15,000
- Contributed surplus allocated on exercise of options	-	11,891	(11,891)	-	-	-	-
- Share issue costs	-	(48,825)	-	-	-	-	(48,825)
- Share-based payments recognized	-	-	58,016	-	-	-	58,016
- Other comprehensive loss	-	-	-	-	-	(20,827)	(20,827)
- Net loss for the period	-	-	-	-	(981,386)	-	(981,386)
Balance at August 31, 2018	76,766,547	\$ 21,576,365	\$ 6,249,819	\$ -	\$ (26,089,525)	\$ (68,569)	\$ 1,668,090
- Share subscriptions received	-	-	-	45,000	-	-	45,000
- Share-based payments recognized	-	-	40,322	-	-	-	40,322
- Other comprehensive loss	-	-	-	-	-	(6,234)	(6,234)
- Net loss for the period	-	-	-	-	(1,286,334)	-	(1,286,334)
Balance at February 28, 2019	76,766,547	\$ 21,576,365	\$ 6,290,141	\$ 45,000	\$ (27,375,859)	\$ (74,803)	\$ 460,844
- Equity Financing	6,588,331	1,185,900	-	(45,000)	-	-	1,140,900
- Shares issued for mineral properties	365,000	65,700	-	-	-	-	65,700
- Share issue costs	-	(11,410)	-	-	-	-	(11,410)
- Share-based payments recognized	-	-	75,005	-	-	-	75,005
- Other comprehensive loss	-	-	-	-	-	(20,091)	(20,091)
- Net loss for the period	-	-	-	-	(1,366,739)	-	(1,366,739)
Balance at August 31, 2019	83,719,878	\$ 22,816,555	\$ 6,365,146	\$ -	\$ (28,742,598)	\$ (94,894)	\$ 344,209

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

1. Nature of Operations and Going Concern

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

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

These unaudited condensed interim consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Several adverse conditions and material uncertainties 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 Note 4) 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 (see Note 12).

If the going concern assumption was not appropriate for these 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”). The Company’s head office is located at 810 - 789 West Pender Street, Vancouver, BC, Canada, V6C 1H2.

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 4 of the audited consolidated financial statements for the year ended February 28, 2019, 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, 2019.

These Interim Financial Statements were approved and authorized by the Audit Committee of the Board of Directors for issue on October 21, 2019.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

3. Changes in Accounting Policy and Disclosures

The following standard was adopted by the Company effective March 1, 2019:

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.

4. Mineral Properties – Acquisition and Exploration Costs

a) Acquisition Costs- Colombia Properties

Cost

As at February 28, 2018	\$	155,697
Impairment of mineral properties (see Note 4)		(87,241)
Effect of movements in exchange rates		(2,381)
Balance as at February 28, 2019	\$	66,075
As at March 1, 2019	\$	66,075
Effect of movements in exchange rates		-
Balance as at August 31, 2019	\$	66,075

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

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

b) Exploration Costs

The tables below show the Company's exploration and evaluation expenditures for the six month periods ended August 31, 2019 and 2018.

Six Months Ended August 31, 2019

	Generative & Other	Otway	El Zanjon	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$3,522	\$ -	\$ -	\$ -	\$ 34,106	\$37,628
Drilling	-	-	-	-	-	329,843	329,843
Field camp	-	5,005	-	540	117	93,863	99,525
Geological*	5,482	11,138	10,820	11,405	27,080	46,694	112,619
Legal	-	-	-	9,765	4,954	-	14,719
Office operations	-	209	-	4,307	12,921	641	18,078
Tenement fees and option payments	-	8,592	15,000	-	-	65,700	89,292
Travel	-	7,365	-	1,425	9,786	10,987	29,563
Wages and benefits	-	5,564	-	22,781	68,344	12,267	108,956
Exploration and evaluation costs	\$5,482	\$41,395	\$25,820	\$50,223	\$123,202	\$594,101	\$840,223

* Includes share based compensation

Six Months Ended August 31, 2018

	Generative & Other	Otway	Cobrasco	Colombia Gold	Motherlode	Total
Assays	\$ -	\$ -	\$ 7,879	\$ -	\$ -	\$7,879
Field camp	-	7,363	17,117	18,953	8,512	51,945
Geological*	746	745	50,050	18,165	-	69,706
Legal	-	-	6,870	5,739	530	13,139
Office operations	-	1,725	9,361	8,130	114	19,330
Tenement fees and option payments	-	6,458	-	118,997	-	125,455
Travel	-	448	39,411	11,733	4,346	55,938
Wages and benefits	-	4,521	59,245	59,244	890	123,900
Exploration and evaluation costs	\$ 746	\$21,260	\$189,933	\$240,961	\$14,932	\$467,292

* Includes share based compensation:

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

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

Motherlode Gold Copper Project, Philippines

Motherlode (formerly the Mindanao Motherlode Gold Mine) is located in the centre 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 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, see Note 5);
- (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.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

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 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 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.

b) The San Antonio Gold Project, Colombia

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 the San Antonio Gold Project in Colombia (“San Antonio”).

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

Cobrasco Copper Project, Colombia

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

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

5. Share Capital

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

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.

Share subscriptions received in advance at February 29, 2019 consisted of \$45,000 and related to the private placement that closed on March 15, 2019. This amount was reclassified to share capital upon closing of the financing.

On March 26, 2019, pursuant to the Amended Mabuhay Agreement, the Company issued 365,000 common shares at \$0.18 per share to settle the initial payment of US\$50,000 (\$65,700, see Note 4).

6. Stock Option Plan

The Company has adopted an incentive stock option plan (the "Plan"), the essential elements of which are as follows: The aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan, which was approved by shareholders on November 29, 2018, may not exceed 20% of the total number of issued and outstanding shares of the Company on a non-diluted basis. At August 31, 2019 the maximum number of options issuable under the Plan was 15,353,309. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the grant date, less the maximum discount permitted by TSX-V), or such other price as may be agreed to by the Company and accepted by the TSX-V. Options granted under the Plan are generally exercisable immediately following the grant however certain options may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

The following is a summary of the changes in share options during the six month period ended August 31, 2019 and the year ended February 28, 2019:

	August 31, 2019		February 28, 2019	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	10,900,000	\$0.15	10,575,000	\$0.15
Granted	875,000	0.16	475,000	0.18
Exercised	-	-	(150,000)	0.10
Options outstanding, end of period	11,775,000	\$0.16	10,900,000	\$0.15

There were nil (2018 – 150,000) options exercised during the period at a price of \$nil (2018 - \$0.10) and the weighted average trading price at the time of exercise was \$nil (2018 - \$0.33).

The weighted average fair value of options granted during the six months ended August 31, 2019 was \$0.13 per option (2018 - \$nil).

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

6. Stock Option Plan (Continued)

The fair value of the 875,000 (2018 – nil) options granted by the Company during the periods ended August 31, 2019 and 2018 was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	August 31, 2019	August 31, 2018
Expected annual volatility	122%	-
Risk-free interest rate	1.47%	-
Expected life	5 years	-
Expected dividend yield	0%	-

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2019:

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
0.01 - 0.09	1,720,000	1.34	\$ 0.08	1,120,000	1.33	\$ 0.08
0.10 - 0.24	7,265,000	3.27	0.11	5,458,750	3.25	0.10
0.25 – 0.50	2,790,000	2.28	0.32	2,111,250	2.29	0.33
	11,775,000	2.76	\$ 0.16	8,690,000	2.77	\$ 0.16

Share-based compensation recognized on options vesting during the three and six month periods ended August 31, 2019 and 2018 has been allocated to contributed surplus as follows:

	Three months ended August 31,		Six months ended August 31,	
	2019	2018	2019	2018
Administrative	\$13,115	\$13,517	\$27,672	\$30,798
Directors' fees	13,493	5,418	17,848	18,091
Mineral property exploration expenditures	18,122	3,528	29,485	9,127
Total	\$44,730	\$22,463	\$75,005	\$58,016

7. Restricted share unit / Deferred share unit plan ("RSU / DSU Plan")

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

Restricted share units

RSUs granted pursuant to this Plan will be used to compensate participants for their individual performance based achievements and are intended to supplement stock option awards in this specific respect.

As at August 31, 2019, no RSU's have been granted.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

7. 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 August 31, 2019, no DSU's have been granted.

8. Warrants

No warrants were exercised during the six month period ended August 31, 2019 (August 31, 2018 – nil).

On May 1, 2019, the Company announced the extension and repricing of 6,270,714 outstanding warrants. The exercise price of the warrants was reduced from \$0.50 per common share to \$0.36 per common share and the expiry date extended until May 22, 2020 subject to an acceleration clause. Only 10% of the placement held by insiders was repriced.

At August 31, 2019, the Company had an aggregate of 11,652,379 outstanding warrants (February 28, 2019 – 8,358,214) to acquire common shares as follows:

- a) 2,087,500 warrants at an exercise price of \$0.14 until expiry on October 15, 2020;
- b) 6,017,785 warrants at an exercise price of \$0.36 until expiry on May 22, 2020;
- c) 252,929 warrants at an exercise price of \$0.50 until expiry on May 22, 2020; and
- d) 3,294,165 warrants at an exercise price of \$0.30 until expiry on March 20, 2020.

9. 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.

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

10. Executive Compensation

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

The following compensation has been provided to key management personnel for the three and six month periods ended August 31, 2019 and 2018:

	Three months ended August 31,		Six months ended August 31,	
	2019	2018	2019	2018
Compensation - cash	\$ 106,248	\$ 91,248	\$ 212,496	\$ 182,496
Share-based payments	18,850	15,293	28,648	39,487
Total	\$ 125,098	\$ 106,541	\$ 241,144	\$ 221,983

11. Segmented Information

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

August 31, 2019	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$285,753	\$ 9,701	\$ -	\$ 40,649	\$ 7,817	\$ 343,920
Amounts receivable and prepaids	33,223	2,365	-	14,625	508	50,721
Mineral properties	-	-	-	66,075	-	66,075
Total Assets	318,976	12,066	-	121,349	8,325	460,716
Current Liabilities	(61,620)	(24,532)	-	(22,799)	(7,556)	(116,507)
	\$257,356	\$(12,466)	\$ -	\$ 98,550	\$ 769	\$ 344,209

Six Months Ended August 31, 2019

Mineral property exploration expenditures	\$ 5,482	\$ 41,395	\$25,820	\$173,425	\$594,101	\$ 840,223
Net loss	\$380,355	\$139,231	\$25,820	\$211,398	\$609,935	\$1,366,739

February 28, 2019	Canada	Australia	Colombia	Philippines	Total
Cash and cash equivalents	\$490,570	\$ 7,659	\$ 47,485	\$ 9,131	\$ 554,845
Amounts receivable and prepaids	17,170	8,383	13,032	506	39,091
Mineral properties	-	-	66,075	-	66,075
Total Assets	507,740	16,042	126,592	9,637	660,011
Current Liabilities	(150,183)	(27,419)	(20,350)	(1,215)	(199,167)
	\$357,557	\$(11,377)	\$ 106,242	\$ 8,422	\$ 460,844

Six Months Ended August 31, 2018

Mineral property exploration expenditures	\$ 746	\$ 21,260	\$430,894	\$ 14,392	\$ 467,292
Net loss	\$340,936	\$111,041	\$505,323	\$ 24,086	\$ 981,386

RUGBY MINING LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2019 AND 2018
(UNAUDITED)

12. Subsequent Events

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.