RUGBY MINING LIMITED

Management Discussion and Analysis

August 31, 2009

Rugby Mining Limited

Management's Discussion and Analysis
For the period ended August 31, 2009

This Management's Discussion and Analysis ("MD&A") of Rugby Mining Limited ("Rugby" or the "Company") is dated October 29, 2009 and provides analysis of Rugby's unaudited financial results for the six month period ended August 31, 2009. At October 29, 2009, the Company had 20,150,000 shares outstanding.

The following information should be read in conjunction with, the Company's unaudited interim financial statements and related notes for the six month period ended August 31, 2009, the Company's audited financial statements and related notes for the year ended February 28, 2009, and the Company's Information Circular dated January 21, 2009. The unaudited interim financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"), except that they do not contain all the note disclosures required for audited financial statements.

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.

Forward-Looking Statements

Certain statements contained in this MD&A constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Based on current available information, the Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that those expectations will prove to be correct. The forward-looking statements in this MD&A are expressly qualified by this statement, and readers are advised not to place undue reliance on the forward-looking statements.

Description of Business

The Company is an emerging mineral resource company exploring for gold, silver and base metals.

The Company was incorporated on January 24, 2007 and became a reporting issuer in May 2007. The Company's most recently completed financial year end was February 28, 2009. The Company's only material asset during such periods was cash and cash equivalents. The results of the most recent year are set out in the Company's audited financial statements for the year ended February 28, 2009.

In order to meet TSX Venture Exchange ("TSX-V") requirements for completing a qualifying transaction, the Company entered into an Amended and Restated Share Option Agreement (the "Option") made and dated for reference December 2, 2008 with Sunland Properties Limited ("Sunland") and Rowen Company Ltd. ("Rowen"). Sunland's wholly owned subsidiary, Rugby Mining Pty Limited, owns or controls certain mineral tenements located near Hawkwood in Queensland, Australia.

The Option provides that the Company has the option to acquire 60% of Sunland by making payments of Australian $200,000 ($183,202) to Rowen to repay a portion of a loan advanced to Sunland by Rowen (paid and included in project evaluation expenses), incur exploration expenditures of A$3.0 ($2.78) million (including 20,000 metres of bedrock drilling) over 42 months of which A$500,000 ($462,650) is a minimum commitment. In addition, the Company paid A$25,000 ($22,388) to Rowen as a non-refundable deposit.

Rowen is controlled by Bryce Roxburgh, a director of Rugby, as a result the transaction is a related party transaction.

On March 5, 2009 the TSX-V accepted for filing the Company's Qualifying Transaction ("QT"), as described above. As a result, effective at the open of trading on March 6, 2009, the trading symbol for the Company changed from CLY.P to RUG, it ceased to be a Capital Pool Company and is now classified as a "Mineral Exploration and Development" company.

The Company ended the six month period ended August 31, 2009 with 19,200,000 shares outstanding.

Results of Operations for the six month period ended August 31, 2009

The Company recorded a net loss for the six month period of $431,118 which is the result of net interest income earned of $121 less administrative expenses (which includes general administrative costs, bank charges, travel and transfer agent fees) of $62,434, project evaluation of $336,851, professional fees of $19,715 and stock exchange listing and filing fees of $12,239.

Summary of Quarterly Results

	2010		2009				2008	
	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter
Interest income	$ -	$ 121	$ 2,139	$ 4,558	$ 6,721	$ 6,487	$ 5,994	$ 6,878
Administrative expenses	33,777	28,657	10,703	142	811	216	16,868	436
Professional fees	4,026	15,689(1)	45,569(1)	27,539(1)	69,415(1)	25,234(1)	17,341	(375)
Project evaluation costs	275,207(2)	61,644	50,266	-	-	-	-	6,688

(1) Professional fees are substantially related to costs associated with completing the QT.
(2) Includes A$200,000 ($183,202) paid to Rowen Company Limited for re-imbursement of expenditures.

The results above reflect the Company's focus on the evaluation of a property or acquisition of assets for its QT, and costs associated with completing the QT.

Financial Condition, Liquidity and Capital Resources

As at August 31, 2009 the Company had cash resources of $983,159 and working capital of $898,610.

In July the Company announced that it had completed a non-brokered private placement consisting of 3,000,000 units ("Units") at $0.20 per Unit for gross proceeds of $600,000. Each Unit consists of one common share ("Share") and one transferable share purchase warrant ("Warrant"). Each Warrant will be exercisable for an additional Share of the Company for a period of two years from the closing date of July 17, 2009 at a price of $0.30 per Share. The gross proceeds from the private placement will be used for future exploration and development of the Company's Hawkwood Project in Queensland, Australia, payment of the A$200,000 payable to Rowen pursuant to the QT, other potential mineral property acquisitions, and for additional working capital.

The Company's source of working capital to date has been from the sale of its common shares. Under the current economic environment, access to the capital markets to obtain equity financing is very uncertain, and consequently future equity financing may not be readily accessible to the Company.

The Company believes that its cash resources are sufficient to meet its currently planned expenditures for the next 12 months.

Contractual Obligations

Under the terms of the Option, the Company has a minimum commitment to incur A$500,000 ($462,450) of exploration expenditures on the Hawkwood property. To date the Company has incurred A$166,048 ($153,649).

Related Party Transactions

Apart from the QT noted above, related party transactions during the six month period ended August 31, 2009 include the payment of administrative support fees, management, consulting and exploration fees, and for expenses incurred while conducting the Company's business. Such expenses, in management's opinion, were undertaken with the same terms and conditions as transactions with unrelated parties.

Financial Instruments

The Company's financial instruments consist of cash, interest receivable, and accounts payable and accrued liabilities. The Company's activities expose it to a variety of financial risks, including credit risk, liquidity and market risk.

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company manages credit risk, in respect of cash and cash equivalents by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. The credit risk associated with cash and cash equivalents is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

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 from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash and cash equivalents to meet the Company's business requirements.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk, and other price risk.

i) Interest rate risk

   The Company's cash and cash equivalents consist of cash held in bank accounts that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of August 31, 2009. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a material effect on interest income.

ii) Foreign currency risk

   The Company is exposed to foreign currency risk as monetary financial instruments are denominated in US and Australian currencies. The Company has not entered into any foreign currency contracts to mitigate this risk, as it believes this risk is minimized by the minimal amount of cash held in US currency. The Company's sensitivity analysis suggests that a consistent 5% change in the absolute rate of exchange in all foreign jurisdictions would not have a material impact on these financial statements.

iii) Other price risk

   Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk, foreign exchange risk or commodity price risk. The Company has no financial instruments exposed to such risk.

Risks and Uncertainties

The Company does not have a history of earnings, nor has it paid any dividends and management does not expect this will change in the near future.

The directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

Future exploration may be financed in all or in part by the issuance of additional shares of the Company, resulting in further dilution to existing shareholders. Such dilution may be significant, and may also result in a change of control of the Company.

Please also refer to the section under risk factors in the Company's Information Circular dated January 21, 2009 for additional risk factors which can be found on SEDAR at www.sedar.com.

Critical Accounting Estimates

The Company's significant accounting policies are described in detail in Note 3 of its unaudited interim financial statements for the six month period ended August 31, 2009. The Company considers the following policies to be most critical in understanding its financial results:

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include accrued liabilities, the determination of the assumptions used in the calculation of stock-based compensation expense and the valuation allowance for future income tax assets. Actual results could differ from those estimates used in the financial statements.

Financial instruments and comprehensive income

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value.

Comprehensive income or loss is defined as the change in equity from transactions and other events from sources other than the Company's shareholders. Other comprehensive income or loss refers to items recognized in comprehensive income or loss that are excluded from net income or loss calculated in accordance with Canadian GAAP.

The Company has no items of other comprehensive income in any period presented. Therefore, net loss as presented in the Company's statements of operations equals comprehensive loss.

Mineral property interests

Exploration expenditures and option payments incurred prior to the determination of the feasibility of mining operations and the decision to commence development are charged to operations as incurred.

Pre-development costs incurred prior to a development decision and the receipt of all necessary permits and licenses for sustained mining operations are charged to operations as incurred.

Development expenditures incurred subsequent to the commencement of commercial production to increase productive capacity or to extend the life of existing production will be capitalized under mine development costs.

Administrative expenditures are expensed as incurred.

Changes in Accounting Policies Including Initial Adoption

Effective March 1, 2009 the Company adopted the following guidance issued by the Emerging Issues Committee (EIC) of the Canadian Institute of Chartered Accountants:

> Mining exploration costs
> In March 2009, the CICA issued EIC-174, "Mining Exploration Costs". This EIC provides guidance on accounting for and impairment of exploration costs. The Company adopted this EIC effective March 1, 2009. As the Company's policy is to expense early stage exploration expenditures, the application of this EIC does not have an impact on the financial statements.

Future changes in accounting standards:

> International Financial Reporting Standards ("IFRS")
> In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP. The IFRS standards will be effective for the Company's interim and annual financial statements relating to fiscal years beginning on March 1, 2011. The effective date will require the restatement, for comparative purposes, of amounts reported by the Company for the year ending February 28, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Management's Responsibility and Oversight

Management is responsible for reviewing the contents of this document along with the interim quarterly 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 six months ended August 31, 2009.

Internal Controls and Procedures over Financial Reporting

Management is responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

Investor Relations

At this time Company has no formal investor relations program in place.

Additional Information

Securities issued at the end of the period

As at October 29, 2009 the Company had 20,150,000 common shares issued and outstanding, of which 7,812,500 are held in escrow. The escrow shares will be released at a rate of approximately 1,560,000 shares every 6 months. As at October 29, 2009, the Company had outstanding options and warrants as follows:

	Number	Exercise Price	Expiry
Options:	1,125,000	$0.30	October 9, 2014
	485,000	$0.30	October 10, 2014
Warrants:	3,000,000	$0.30	July 18, 2011

Directors and Officers

Directors:

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Bryce Roxburgh
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Robert Reynolds
Cecil Bond

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