



RUGBY MINING LIMITED

CONSOLIDATED FINANCIAL STATEMENTS
For the years ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)



June 18, 2015

Independent Auditor's Report

To the Shareholders of Rugby Mining Limited

We have audited the accompanying consolidated financial statements of Rugby Mining Limited, which comprise the consolidated statements of financial position as at February 28, 2015 and February 28, 2014 and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform our audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rugby Mining Limited as at February 28, 2015 and February 28, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Rugby Mining Limited's ability to continue as a going concern.

signed "PricewaterhouseCoopers LLP"

Chartered Accountants

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	February 28, 2015	February 28, 2014
Assets		
Current		
Cash and cash equivalents	\$ 775,297	\$ 2,995,819
Amounts receivable and prepaids	20,344	57,661
	795,641	3,053,480
Mineral properties (Note 8)	100,000	108,201
	\$ 895,641	\$ 3,161,681
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 69,887	\$ 75,225
Due to related parties (Note 12)	20,452	33,649
	90,339	108,874
Shareholders' Equity		
Share capital (Note 9)	15,238,612	15,238,612
Contributed surplus	5,455,799	5,141,135
Deficit	(19,857,596)	(17,331,168)
Accumulated other comprehensive income (loss)	(31,513)	4,228
	805,302	3,052,807
	\$ 895,641	\$ 3,161,681

Nature of operations and going concern (Note 1)

Basis of preparation (Note 2)

Approved on behalf of the Board of Directors on June 18, 2015:

"Robert Reynolds"

Robert Reynolds

"Yale Simpson"

Yale Simpson

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the years ended,	February 28, 2015		February 28, 2014	
Income				
Interest income	\$	26,183	\$	47,404
Expenses				
Accounting and audit		144,591		147,501
Administrative	(Note 10)	689,980		598,099
Amortization		-		6,614
Bank charges		9,999		10,740
Directors' fees	(Note 10)	58,487		2,664
Foreign exchange loss		17,314		411
Insurance		37,714		36,105
Professional fees		16,631		11,355
Mineral property exploration expenditures	(Notes 7 and 10)	1,516,734		1,277,726
Shareholder communications		20,142		17,902
Stock exchange and filing fees		16,643		7,515
Transfer agent		4,558		4,874
Travel		19,818		32,032
		2,552,611		2,153,538
Loss before other items		2,526,428		2,106,134
Other items				
Loss on disposition (Note 5)		-		5,071
Write-down of property and equipment		-		24,142
Loss for the year	\$	2,526,428	\$	2,135,347
Other comprehensive loss for the year				
Items that may be reclassified to profit or loss:				
Currency translation adjustment		35,741		8,416
Comprehensive loss for the year	\$	2,562,169	\$	2,143,763
Basic and diluted loss per common share	\$	0.05	\$	0.05
Weighted average number of common shares outstanding		46,035,000		46,035,000

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended,	February 28, 2015	February 28, 2014
Operating Activities		
Net loss for the year	\$ (2,526,428)	\$ (2,135,347)
Items not requiring an outlay of cash:		
Amortization	-	6,614
Share-based payments (Note 10)	314,664	225,298
Loss on disposition	-	5,071
Write-down of property and equipment	-	24,142
	(2,211,764)	(1,874,222)
Changes in non-cash working capital:		
Amounts receivable and prepaids	37,317	43,926
Accounts payable and accrued liabilities	(5,338)	(38,023)
Due to related parties	(13,197)	(126,674)
Cash flows from operating activities	(2,192,982)	(1,994,993)
Investing Activities		
Acquisition of mineral properties (Note 8)	-	(110,523)
Disposition of a subsidiary (Note 5)	-	4,468
Cash flows from investing activities	-	(106,055)
Effect of foreign exchange rate change on cash and cash equivalents	(27,540)	(6,094)
Net decrease in cash and cash equivalents	(2,220,522)	(2,107,142)
Cash and cash equivalents - beginning of year	2,995,819	5,102,961
Cash and cash equivalents - end of year	\$ 775,297	\$ 2,995,819

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued Share Capital		Contributed Surplus	Deficit	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Number of Shares	Amount				
Balance at February 29, 2013	46,035,000	\$ 15,238,612	\$ 4,915,837	\$ (15,195,821)	\$ 12,644	\$ 4,971,272
- Share-based payments recognized	-	-	225,298	-	-	225,298
- Other comprehensive loss	-	-	-	-	(8,416)	(8,416)
- Net loss for the year	-	-	-	(2,135,347)	-	(2,135,347)
Balance at February 28, 2014	46,035,000	\$ 15,238,612	\$ 5,141,135	\$ (17,331,168)	\$ 4,228	\$ 3,052,807
- Share-based payments recognized	-	-	314,664	-	-	314,664
- Other comprehensive loss	-	-	-	-	(35,741)	(35,741)
- Net loss for the year	-	-	-	(2,526,428)	-	(2,526,428)
Balance at February 28, 2015	46,035,000	\$ 15,238,612	5,455,799	(19,857,596)	(31,513)	805,302

RUGBY MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2015 AND 2014

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, Colombia and the Philippines.

These consolidated financial statements are prepared using International Financial Reporting Standards (“IFRS”) that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its exploration activities. The continued operations of the Company and its ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain alternative financing, which it has been successful in doing so in the past. In addition, if the Company is to advance or develop its projects, it will be necessary to obtain additional financing. As the outcome of these matters cannot be predicted at this time, if the Company is unable to obtain additional financing, management may be required to curtail certain expenses.

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 1660 - 999 West Hastings Street, Vancouver, BC, Canada, V6C 2W2.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”). The consolidated financial statements have been prepared under the historical cost convention. These consolidated financial statements were approved and authorized by the Board of Directors for issue on June 18, 2015.

3. Changes in Accounting Policy and Disclosures

As of March 1, 2014, the Company adopted the new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards. The Company has adopted these new and amended standards without any significant effect on its consolidated financial statements.

Amendment to IAS 32 – Financial Instruments – presentation

These amendments are to the application guidance in IAS 32, Financial Instruments: Presentation, and clarify some of the requirements for offsetting assets and financial liabilities on the statement of financial position.

Amendment to IAS 36 – Impairment of Assets

This amendment changes the disclosure requirements regarding the recoverable amount in circumstances where an impairment loss has been recognized or reversed, when there has been no impairment of a cash generating unit with goodwill or intangible assets and to require additional disclosure when an impairment of assets is based on fair value less costs of disposal.

IFRIC 21 – Levies

This is an interpretation of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result

RUGBY MINING LIMITED
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3. Changes in Accounting Policy and Disclosures (Continued)

of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

New Standards and Interpretations Not Yet Adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after March 1, 2015, and have not been applied in preparing these consolidated financial statements.

IFRS 9 – Financial Instruments - classification and measurement

IFRS 9 as issued, reflects the first phase of the IASB’s work on the replacement of IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”) and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued in July 2014, moved the mandatory effective date to January 1, 2018. The Company is currently completing its assessment of the impact that this new standard will have on its consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB published IFRS 15 which replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 will be effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The IASB has issued an exposure draft that would, if approved defer the effective date to January 1, 2018. The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

4. Summary of Significant Accounting Policies, Judgements and Estimation Uncertainty

a) Basis of Presentation

These consolidated financial statements include the accounts of the following significant subsidiaries:

	Country of Incorporation	Percentage of Ownership
Volador Holdings (“Volador”)	Colombia	100%
Volador Colombia S.A.S. (“Volador S.A.S.”)	Colombia	100%
Wallaby Corporation (“Wallaby”)	Philippines	100%
Rugby Pty. Limited	Australia	100%

Subsidiaries are entities over which the Company has control. The Company controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

b) Mineral Property Exploration and Acquisition Expenditures

The Company expenses mineral property exploration expenditures when incurred. When it has established that a mineral deposit is commercially mineable and following a decision to commence development, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be amortized against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned.

RUGBY MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2015 AND 2014

4. Summary of Significant Accounting Policies, Judgements and Estimation Uncertainty (Continued)

Mineral property acquisition costs are initially capitalized when incurred. The Company assesses the carrying costs for impairment. Impairment losses, if any, are measured as the excess of the carrying amount of the mineral property over its estimated fair value. If mineral properties are subsequently abandoned or impaired, any capitalized costs will be charged to operations.

c) Cash and Cash Equivalents

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with an initial term to maturity of 90 days or less.

d) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share has not been presented separately as the effect of common shares issuable on the exercise of stock options and share purchase warrants would be anti-dilutive.

e) Share-based Compensation

The Company has adopted an incentive stock option plan. Stock options expire after 5 or 10 years and normally vest over a period of 1 to 2 years (50 - 100% per year) or when certain milestones are met. All share-based awards are measured and recognized using the fair-value method as determined by the Black-Scholes option pricing model. Awards that the Company has the ability to settle with stock are recorded as equity. Share-based compensation expense is recognized over the tranche's vesting period, in earnings or capitalized as appropriate, based on the number of options expected to vest.

f) Income Taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in Other Comprehensive Income ("OCI") or directly in equity, in which case it is recognized in OCI or in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

g) Translation of Foreign Currencies

(i) Presentation currency

The consolidated financial statements are presented in Canadian dollars.

RUGBY MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2015 AND 2014

4. Summary of Significant Accounting Policies, Judgements and Estimation Uncertainty (Continued)

(ii) Functional currency

The financial statements of each entity in the Company group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”).

The functional currency of the parent company is the Canadian dollar and the functional currency of the Company’s former Argentine subsidiary, Rugby Argentina, is the Argentine Peso; its Australian subsidiary, Rugby Pty. Limited, is the Australian Dollar; its Philippine subsidiary, Wallaby, is the Philippine Peso; and its Colombian subsidiaries, Volador and Volador S.A.S., is the Colombian Peso. The financial statements of these subsidiaries (“foreign operations”) are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position.
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates).
- All resulting changes are recognized in OCI as cumulative translation adjustments.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from conversion of the item from functional to reporting currency are considered to form part of the net investment in the foreign operation and are recognized in OCI.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in OCI related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in OCI related to the subsidiary are reallocated between controlling and non-controlling interests.

(iii) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity’s functional currency are recognized in the statement of income.

h) Use of Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Areas of estimates include assumptions used in the accounting for share-based compensation, amortization rates, and contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

i) Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

RUGBY MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Summary of Significant Accounting Policies, Judgements and Estimation Uncertainty (Continued)

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash, accounts receivable, and due from related party, and are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- **Financial liabilities at amortized cost:** Financial liabilities at amortized cost include accounts payable and accrued liabilities and amounts due to related parties. Accounts payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Financial liabilities are classified as current liabilities as payment is due within twelve months.

j) Segmented Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief-operating decision maker. The chief operating decision-makers responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management team, who are tasked with making strategic decisions.

5. Disposition of a Subsidiary

On September 16, 2013, the Company sold its subsidiary in Argentina, Rugby Argentina, for a nominal amount as the Company has no further interests in Argentina.

These consolidated financial statements include the results of operations of Rugby Argentina to the date of the disposition on September 16, 2013. The Company de-recognized the assets and liabilities of Rugby Argentina as of September 16, 2013 resulting in a loss on disposition of \$5,071.

	September 16, 2013
Cash and cash equivalents (overdraft)	\$ (4,468)
Amounts receivable and prepaids	23,160
Accounts payable and accrued liabilities	(13,621)
Net assets at the date of disposition	\$ 5,071
Net loss on de-recognition of net assets	\$ (5,071)

RUGBY MINING LIMITED
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6. Management of Capital (See Note 1)

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue debt and acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company's investment policy is to limit investments to guaranteed investment certificates, banker's acceptance notes, investment savings accounts or money market funds with high quality financial institutions in Canada and treasury bills, selected with regards to the expected timing of expenditures from continuing operations.

7. Mineral Property Exploration Expenditures

The tables below show the Company's project exploration and evaluation expenditures for the years ended February 28, 2015 and February 28, 2014.

	Year ended February 28, 2015					
	Generative & Other*	Cobrasco	Comita	Mabuhay	Great Northern	Total
Assays	\$ -	\$ 15,412	\$ -	\$ -	\$ 8,514	\$ 23,926
Drilling	-	-	-	-	265,370	265,370
Field camp	-	14,888	-	14,104	10,770	39,762
Geological**	95,498	131,077	56,991	548	151,348	435,462
Legal	-	36,931	448	13,615	8,019	59,013
Office operations	2,845	122,494	1,107	5,557	29,671	161,674
Option and cannon fees	-	46,501	-	-	172,035	218,536
Travel	19,120	70,828	2,773	18,567	52,142	163,430
Wages and benefits	-	44,652	-	52,344	52,565	149,561
Exploration and evaluation costs	\$ 117,463	\$ 482,783	\$ 61,319	\$ 104,735	\$ 750,434	\$ 1,516,734
Cumulative exploration and evaluation costs*	\$3,461,856	\$ 1,147,352	\$2,207,285	\$2,292,020	\$ 750,434	\$ 9,858,947

* The cumulative exploration and evaluation costs do not include previous expenditure on the relinquished Argentine projects.

** Includes share based compensation as reflected below:

	Year ended February 28, 2015					
	Generative & Other	Cobrasco	Comita	Mabuhay	Great Northern	Total
Geological	\$ -	\$ 3,077	\$ -	\$ -	\$ -	\$ 3,077
Total	\$ -	\$ 3,077	\$ -	\$ -	\$ -	\$ 3,077

RUGBY MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2015 AND 2014

7. Mineral Property Exploration Expenditures (Continued)

	Year ended February 28, 2014					
	Generative & Other*	Cobrasco	Comita	Mabuhay	Hawkwood	Total
Assays	\$ 705	\$ -	\$ -	\$ -	\$ -	\$ 705
Environmental and socialization	16,889	123,744	-	-	-	140,633
Field camp	1,742	-	-	14,644	21	16,407
Geological***	134,874	218,637	125,606	39,343	8,437	526,897
IVA	2,729	-	-	-	-	2,729
Legal	16,490	64,138	14,771	29,005	4,914	129,318
Office operations***	(6,115)	165,873	23,370	7,448	-	190,576
Option and cannon fees	11,738	-	16,095	-	11,042	38,875
Travel	22,347	51,957	7,345	22,028	21,084	124,761
Wages and benefits	-	40,220	15,829	50,776	-	106,825
Exploration and evaluation costs	\$ 201,399	\$ 664,569	\$ 203,016	\$ 163,244	\$ 45,498	\$ 1,277,726
Cumulative exploration and evaluation costs**	\$ 2,248,700	\$ 664,569	\$ 2,145,966	\$ 2,187,285	\$ 1,095,693	\$ 8,342,213

* Includes expenditures related to Argentina to the date of disposition on September 16, 2013.

** The cumulative exploration and evaluation costs do not include previous expenditure on the relinquished Argentine projects.

*** Includes share based compensation as reflected below:

	Year ended February 28, 2014					
	Generative & Other	Cobrasco	Comita	Mabuhay	Hawkwood	Total
Geological	\$ -	\$ 5,347	\$ -	\$ -	\$ -	\$ 5,347
Office operations	-	-	8,469	-	-	8,469
Total	\$ -	\$ 5,347	\$ 8,469	\$ -	\$ -	\$ 13,816

Cobrasco Porphyry Copper Project, Colombia

The Cobrasco concession, which is subject to a 1% net smelter royalty (“NSR”), was acquired, during the year ended February 28, 2014, in an arm’s length transaction at a cost of \$110,523 (please see Note 8 below).

Comita Porphyry Copper Project, Colombia

On October 12, 2010, the Company announced it had entered into an option agreement over Comita (the “Comita Agreement”), granting the Company the right to earn up to a 60% indirect interest in the project. The Comita Agreement provides that the mineral title at Comita will be transferred to a new Colombian entity (“Newco”) and grants the Company the right to earn an initial 40% interest in Newco upon completion of certain exploration activities and incurring expenditure commitments, with a further option to earn an additional 20% interest, for a total interest of 60% in Newco.

On May 6, 2014, the Company along with the Comita concession holder, amended the Comita Agreement such that the dates to meet the expenditure and drilling requirements have been extended. Under the amended Comita Agreement, the Company can earn the 60% interest in Newco (an effective 60% indirect interest in the Comita project) if it completes the obligations set out in the two options as follows:

RUGBY MINING LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. Mineral Property Exploration Expenditures (Continued)

Option 1: The Company has until October 20, 2018 to acquire an indirect 40% interest in the Comita project by incurring US\$10.0 million in exploration expenditures which include at least 10,000 m of drilling as follows:

(i) US\$250,000 on or before October 21, 2011, the first anniversary date of the agreement (incurred).

(ii) Thereafter the Company has the option, but not the obligation to incur US\$9.75 million with minimum annual expenditures of US\$250,000 (minimum yearly expenditure requirements have been met to date) until such time as the Comita project is removed from the forestry reserve, following which the minimum annual expenditure increases to US\$1.0 million.

Excess expenditure in any given year may be carried forward to the next year, however such carry forward is limited to US\$1.0 million at the end of Option 1. Upon incurring the expenditures set out above, the Company is required to provide the title holder with notice that it has met the requirements to acquire the initial 40% interest in Newco following which the title holder has 90 days to elect to resume management of the Comita project. In the event that the title holder elects to resume management of the Comita project, a joint venture will be formed and dilution provisions will apply. Should the title holder elect not to resume management of the Comita project, the Company will be granted a second option to acquire a further 20% interest in Newco as set out below:

Option 2: Upon the Company being granted the second option it will have 3 years to acquire an additional 20% interest in Newco for a total 60% indirect interest in the project by incurring an additional US\$15.0 million in expenditures, including 20,000 m of drilling with minimum annual expenditures of US\$1.0 million on or before October 20, 2021.

Mabuhay Gold Project, Philippines

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.

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”) as it is anticipated that an Exploration Permit (“EP”) will be granted by the Philippine government earlier than an MPSA. An EP would allow the Company to conduct drilling at Mabuhay. An EPA was submitted to the government in March 2013 and all future payments as defined in the Amended Mabuhay Agreement have been deferred until the EP is approved by the federal authorities.

Under the Amended Mabuhay Agreement, in order to maintain its option, the Company is required to make staged payments totaling US\$750,000 over three years from the grant date of the EP, incur 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.

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7. Mineral Property Exploration Expenditures (Continued)

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, and Pelican will be paid a further US\$5.0 million if commercial production commences at Mabuhay.

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

The Great Northern Gold Project, Australia

On March 20, 2014 the Company entered into an option agreement with Australian listed company, De Grey Mining Limited over the Great Northern Gold Project (the "GNGP"). The GNGP is located in the Pilbara region of Western Australia, south of Port Hedland.

The Agreement grants Rugby an option to earn an 80% interest in the Tenements and an additional option to purchase an 80% interest in a near surface historical resource at Wingina Well.

Pursuant to the GNGP Agreement, Rugby paid De Grey A\$100,000 and will have two options as follows:

- 1) a three year option to acquire an 80% interest in the Tenements by incurring a total of A\$2 million in expenditures with a minimum expenditure commitment of A\$500,000 (minimum requirement completed); and
- 2) an option to purchase an 80% interest in the historic near surface resource at Wingina Well for A\$3 million, by paying A\$2 million at any time within 54 months of date of the GNGP Agreement and a further A\$1 million within 30 days of a decision to mine any part of the historic resource at Wingina Well.

Hawkwood Property, Australia

Pursuant to agreements entered into with Rowen Company Limited ("Rowen") a company controlled by Bryce Roxburgh, a director of the Company, in 2008 and amended in 2009, the Company had the option ("Hawkwood Option") to acquire up to an effective 90% indirect interest in the Hawkwood property in Queensland Australia.

Pursuant to the Hawkwood Option the Company paid Rowen A\$225,000, issued 1.5 million common shares with a fair value of \$615,000 and was required to incur exploration expenditures of A\$1million to earn an initial 60% interest in Hawkwood.

The Company, having earned a 60% interest in Hawkwood, entered into an agreement with Eastern Iron Limited, an Australian listed company ("Eastern Iron") for the sale of 100% of Hawkwood for a 2% net smelter royalty (NSR). In order to facilitate the sale of Hawkwood, the Company and Rowen amended the Hawkwood Option such that it would acquire an effective 100% interest in Hawkwood without any further consideration and would hold the NSR as to 1.2% for its own account and 0.8% on behalf of Rowen.

In early 2015, Eastern Iron notified the Company that they would be relinquishing the Hawkwood Project. The Company elected not to reclaim the Hawkwood Project upon its relinquishment by Eastern Iron. In addition, the NSR is no longer in effect, consequently the Company has no further interest in the Project.

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8. Mineral Properties

Details are as follows:

	<u>Cobrasco</u>
<i>Cost</i>	
As at February 28, 2013	\$ -
Additions (Note 7)	110,523
Effect of movements in exchange rates	(2,322)
Balance as at February 28, 2014	\$ 108,201
As at March 1, 2014	\$ 108,201
Additions	-
Effect of movements in exchange rates	(8,201)
Balance as at February 28, 2015	\$ 100,000

9. Share Capital

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

10. 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 27, 2013, may not exceed 20% of the total number of issued and outstanding shares of the Company on a non-diluted basis. At February 28, 2015 the maximum number of options issuable under the Plan was 9,207,000. 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.

A summary of the changes in share options during the year ended February 28, 2015 and 2014 are as follows:

	<u>February 28, 2015</u>		<u>February 28, 2014</u>	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	8,555,000	\$ 0.35	6,615,000	\$ 0.43
Forfeited/expired	(100,000)	0.30	(225,000)	0.43
Cancelled	(45,000)	0.27	-	-
Granted	-	-	2,165,000	0.19
Options outstanding, end of period	8,410,000	\$ 0.35	8,555,000	\$ 0.35*

There were Nil (2014 – Nil) options exercised during the year.

* During the year ended February 28, 2014 the Company re-priced 425,000 options priced at \$0.50, to an exercise price of \$0.18; 125,000 options priced at \$0.41, to an exercise price of \$0.18; 250,000 options priced at \$0.36 to an exercise price of \$0.18. These re-priced options had a fair value of approximately \$0.04, \$0.03 and \$0.02 per option respectively. The Company recognized an additional \$27,832 from the re-pricing of these options.

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10. Stock Option Plan (Continued)

The following table summarizes information about the stock options outstanding and exercisable at February 28, 2015:

Outstanding Options				Exercisable Options		
Range of Prices (\$)	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
0.01 - 0.49	6,320,000	5.73	\$ 0.30	5,407,500	5.35	\$ 0.31
0.50 - 0.99	2,090,000	0.77	0.50	1,890,000	0.74	0.50
	8,410,000	4.49	\$ 0.35	7,297,500	4.15	\$ 0.36

The fair value of options granted and re-priced during the year ended February 28, 2015 and 2014, was estimated at the grant date using the Black-Scholes option pricing model, with the following assumptions:

	2015	2014
Expected annual volatility	-	92%
Risk-free interest rate	-	1.36-2.44%
Expected life	-	9.56 years
Expected dividend yield	-	0.00%

Share-based compensation expense of \$314,664 (2014 – \$225,298) was recognized in the year and was allocated to contributed surplus. Share-based compensation has been allocated as follows:

	2015	2014
Administrative	\$ 253,100	\$ 208,818
Directors' fees	58,487	2,664
Mineral property exploration expenditures	3,077	13,816
Total	\$ 314,664	\$ 225,298

11. Warrants

At February 28, 2015, the Company had 10,000,000 outstanding warrants (2014 – 10,000,000) to acquire common shares. Each warrant currently outstanding is exercisable to acquire common share of the Company at an exercise price of \$0.55 per common share if exercised on or before January 22, 2016.

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12. Related Party Transactions

- a) During the year ended February 28, 2015, a total of \$311,285 (2014 - \$169,605) 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 directors or officers of the Company of \$10,416 at February 28, 2015 (February 28, 2014 - \$19,817) are non-interest bearing and are due on demand.

The total of \$311,285 for the year ended February 28, 2015 was paid or accrued as follows: \$124,992 (2014 - \$169,605) to Berenvy Pty Ltd., a company controlled by the President & CEO of the Company for consulting fees, \$140,000 (2014 - \$Nil) to Rowen Company Ltd., a company controlled by the Chairman of the Company for consulting fees and \$46,293 (2014 - \$23,778) 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.

- b) During the year ended February 28, 2015, the Company shared costs of certain common expenditures including administrative support, office overhead and travel with Exeter Resource Corporation (“Exeter”).

The Company, along with Exeter, incurs certain expenditures for staff, including the salary of the Chief Financial Officer and exploration expenditures on behalf of each other. The net amount paid or accrued by the Company to Exeter during the year ended February 28, 2015 was \$124,750 (2014 - \$289,182). As at February 28, 2015, the Company had amounts payable of \$10,036 (February 28, 2014 - \$13,832) to Exeter. The amounts due to Exeter are non-interest bearing and are due on demand.

13. 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 years ended February 28, 2015 and 2014.

	2015		2014	
Compensation - cash	\$	359,575	\$	229,485
Share-based payments		118,705		5,995
Total	\$	478,280	\$	235,480

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14. Financial Instruments

(a) *Fair Value*

The carrying amount of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and due to related parties approximates fair value due to the short term nature of these financial instruments.

(b) *Financial Risk Management*

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange currency risk, liquidity and interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits the majority of its cash with high credit quality financial institutions in Canada and holds balances in banks in Australia, Colombia and Philippines as required to meet current expenditures. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Currency risk

The Company operates in Canada, Australia, Colombia and the Philippines and it is therefore exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

The Company's cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities are denominated in several currencies (mainly Canadian Dollars, US Dollars, Australian Dollars, Colombian Pesos and Philippine Pesos) and are therefore subject to fluctuation against the Canadian Dollar. Such foreign currency balances, which are held in the Company's Colombian, Australian and Philippine subsidiaries, are subject to fluctuations against the Australian Dollar, Colombian Peso, and Philippine Peso respectively.

The Canadian parent company had the following balances in foreign currency as at February 28, 2015 and 2014:

	February 28,	
	2015	2014
	US Dollars	US Dollars
Cash	642	16,193
Accounts payable	(822)	(9,494)
Net balance	(180)	6,699
Equivalent in Canadian Dollars	(225)	8,439
Rate to convert to \$1.00 CDN	1.2508	1.2597

Based on the above net exposures as at February 28, 2015, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the US dollar against the Canadian dollar would result in an increase/decrease of \$22 (February 28, 2014 - \$844) in the Company's net loss.

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14. Financial Instruments (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arises from the interest rate impact on the cash and cash equivalents. Cash and cash equivalents earn interest based on current market interest rates, which at February 28, 2015 ranged between 1.25% and 1.35%.

Based on the amount of cash and cash equivalents held at February 28, 2015, and assuming that all other variables remain constant, a 0.5% change in the applicable interest rate would result in an increase/decrease of \$3,817 (2014 - \$14,896) in the interest earned by the Company.

Liquidity risk (See Note 1 above)

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company had cash at February 28, 2015 in the amount of \$775,297 (2014 - \$2,995,819) in order to meet short-term business requirements. At February 28, 2015, the Company had current liabilities of \$90,339 (2014 - \$108,874) which are due on demand or within 30 days.

15. 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:

February 28, 2015	Canada	Australia	Colombia	Philippines	Total
Cash and cash equivalents	\$ 666,121	\$ 31,526	\$ 36,598	\$ 41,052	\$ 775,297
Amounts receivable and prepaids	10,360	780	2,963	6,241	20,344
Property and equipment	-	-	100,000	-	100,000
	676,481	32,306	139,561	47,293	895,641
Current Liabilities	74,350	-	15,153	836	90,339
	\$ 602,131	\$ 32,306	\$ 124,408	\$ 46,457	\$ 805,302
Project evaluation expense	\$ -	\$ 753,085	\$ 658,914	\$ 104,735	\$1,516,734
Net loss – year ended February 28, 2015	\$ 873,821	\$ 775,069	\$ 753,870	\$ 123,668	\$2,526,428

February 28, 2014	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	\$ 2,848,694	\$ -	\$ -	\$ 44,869	\$ 102,256	\$ 2,995,819
Amounts receivable and prepaids	48,835	-	-	3,209	5,617	57,661
Mineral properties	-	-	-	108,201	-	108,201
	2,897,529	-	-	156,279	107,873	3,161,681
Current Liabilities	(81,729)	-	-	(26,456)	(689)	(108,874)
	\$ 2,815,800	\$ -	\$ -	\$ 129,823	\$ 107,184	\$ 3,052,807
Project evaluation expense	\$ -	\$ 45,498	\$ 63,266	\$1,005,718	\$ 163,244	\$ 1,277,726
Net loss – year ended February 29, 2014	\$ 735,360	\$ 45,498	\$ 85,641	\$ 1,099,120	\$ 169,728	\$ 2,135,347

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16. Income Taxes

A reconciliation of consolidated income taxes at statutory rates with the reported taxes is as follows:

	2015	2014
Loss before income taxes	\$ 2,526,428	\$ 2,135,347
Combined federal and provincial tax rate	26.00%	26.00%
Income tax recovery based on the above rates	\$ (656,871)	\$ (555,191)
Increase (decrease) due to:		
Non-deductible expenses	81,813	58,577
Losses and temporary differences for which an income tax asset has not been recognized	614,376	624,756
Difference between Canadian and foreign tax rates	(39,318)	(91,949)
Foreign exchange and other	-	(36,193)
Income tax expense	<u>\$ Nil</u>	<u>\$ Nil</u>

The Canadian statutory tax rate increased to 26.00% due to legislated changes.

	2015	2014
Non-capital losses	\$ 1,060,482	\$ 646,003
Tax basis over carrying value of mineral properties	2,187,226	2,009,540
Share issue costs	5,549	20,084
Unrecognized deferred tax asset	<u>\$ 3,253,257</u>	<u>\$ 2,675,627</u>

As at February 28, 2015, the Company has non-capital losses of approximately \$4,072,306 that may be applied to reduce future taxable income. If not utilized, the non-capital losses expire as follows.

Expiry	Canada	Australia	Philippines	Total
2018			19,873	19,873
2027	4,758			4,758
2028	35,595			35,595
2029	225,122			225,122
2030	207,933			207,933
2031	370,634			370,634
2032	597,763			597,763
2033	543,841			543,841
2034	478,414			478,414
2035	1,566,186			1,566,186
No expiry		22,187		22,187
	<u>\$ 4,030,246</u>	<u>\$ 22,187</u>	<u>\$ 19,873</u>	<u>\$ 4,072,306</u>

Tax benefits have not been recorded as it is not considered more likely than not that they will be utilized.