RUGBY MINING LIMITED

Management Discussion and Analysis

For the third quarter ended November 30, 2010

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This Management's Discussion and Analysis ("MD&A") of Rugby Mining Limited ("Rugby" or the "Company") is dated January 13, 2011 and provides analysis of Rugby's unaudited interim financial results for the nine month period ended November 30, 2010. At January 13, 2011, the Company had 31,895,000 shares outstanding.

The following information should be read in conjunction with, the Company's unaudited interim financial statements and related notes for the nine month period ended November 30, 2010, the Company's audited financial statements and related notes for the year ended February 28, 2010, and the Company's Management Information Circular dated June 17, 2010. 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. The results of the Company's most recent fiscal year are set out in the Company's audited financial statements for the year ended February 28, 2010.

The Company began the period with 20,195,000 shares outstanding and ended the period with 31,770,000 shares outstanding.

Projects

Hawkwood Property, Australia

The Hawkwood Project (the "Hawkwood Project") is situated near Hawkwood in south eastern Queensland, Australia. The Hawkwood Project is very well located close to infrastructure and a seawater port. The project has been the subject of exploration activities over the last 40 years with reported results from previous explorers of 0.55% copper over 3 metres ("m") in trenches and drill results of 0.51% copper over 20m, from a depth of 2m. In addition, trenching results from the mid 1990's are also reported to include up to 12m of 0.3% copper, 0.4 parts per million ("ppm") platinum and 0.6 ppm palladium.

The Company has identified other exploration targets outside of those subject to the Eastern Iron Joint Venture Agreement (details of which are below). In the coming months, Rugby's exploration program includes reconnaissance mapping, geochemical sampling and geophysical modelling on gold and copper targets at the Hawkwood Project over which Rugby has the rights to a 90% interest.

The Hawkwood Project Agreement
Pursuant to agreements dated July 10, 2008 and December 2, 2008 between Sunland Properties Limited ("Sunland") and Rowen Company Limited ("Rowen") a company controlled by Bryce Roxburgh, a director of the Company, and subsequent amendment dated December 31, 2009, the Company has the option ("Hawkwood Option") to acquire up to 90% of the issued

and outstanding shares of Sunland. Sunland's wholly owned subsidiary, Rugby Mining Pty Ltd., owns the Hawkwood property in Queensland Australia.

Under the Hawkwood Option, the Company paid to Rowen A$25,000 ($22,388) as a non-refundable deposit and a further A$200,000 ($183,202) to repay a portion of a loan advanced to Sunland by Rowen. In addition, pursuant to the amendment dated December 31, 2009, the Company was required to issue 1.5 million common shares with a deemed value of $615,000 to Rowen, the shares were issued subsequent to the year ended February 28, 2010, following approval from the TSX-V on January 25, 2010, and is required to incur exploration expenditures as follows:

(i) In order to exercise the option to acquire an initial 60% interest in Sunland:
A$300,000 ($295,800) by December 31, 2010 (completed)
A$200,000 ($197,200) by December 31, 2011
A$500,000 ($493,000) by December 31, 2013

(ii) In order to exercise the option to acquire an additional 30% interest in Sunland, the Company must incur an additional A$3.0 ($3.0) million in expenditures on the property for a total of A$4.0 ($3.9) million before December 31, 2017 and issue an additional 3 million common shares of the Company to Rowen.

Part of the Hawkwood property is subject to a 2% net smelter royalty payable to Newcrest Operations Limited.

Eastern Iron Joint Venture Agreement
The Company entered into an agreement (the "Eastern Agreement") dated January 13, 2010 between Eastern Iron Limited ("Eastern Iron") and Rugby Mining Pty Ltd. with respect to certain portions of exploration permit 15289 and exploration permit application 17099 (the "Exploration Area") which comprises a part of the Company's Hawkwood Project. Under the terms of the Eastern Agreement, Eastern Iron can earn a 50% interest in the Exploration Area by funding an A$200,000 ($197,200) work program by February 10, 2011 and thereafter incurring an additional A$500,000 ($493,000) in exploration expenditures by February 10, 2013 ("Phase One"). On December 1, 2010, Eastern Iron provided notice that they had fulfilled their initial A$200,000 work program commitment. Eastern Iron can increase its interest in the Exploration Area to 80% by incurring an additional A$3.6 ($3.5) million in expenditures and completing a bankable feasibility study within the following 5 years ("Phase Two").

Exploration permit 15289 is subject to a 2% net smelter royalty ("NSR") held by Newcrest Operations Limited. Eastern is required to incur expenditures and complete a bankable feasibility study to earn its interest as follows:

Phase One
(i) A$200,000 ($197,200 minimum commitment by February 10, 2011); (completed)
(ii) A$200,000 ($197,200) by February 10, 2012 and
(iii) additional A$300,000 ($295,800) by February 10, 2013,
for total Phase One expenditures of A$700,000 ($690,200).

Phase Two
(i) additional A$300,000 ($295,800) by February 10, 2014
(ii) additional A$300,000 ($295,800) by February 10, 2015
(iii) additional A$1.0 ($1.0) million by February 10, 2016
(iv) additional A$1.0 ($1.0) million by February 10, 2017 and
(v) additional A$1.0 ($1.0) million by February 10, 2018,
for total Phase Two expenditures of A$3.6 ($3.5) million and cumulative expenditures of A$4.3 ($4.2) million.

On October 25, 2010, the Company reported that Eastern Iron's exploration drilling at the Hawkwood Project had returned intersections of iron mineralization indicating potential for a large tonnage magnetite deposit. Eastern Iron completed a 19 hole reverse circulation drilling program, specifically targeting the iron ore potential of the property. The 19 holes, comprising 1,848 meters ("m") returned multiple intersections with up to 112m of magnetite bearing gabbro recovered. Drilled intervals averaged 23% contained magnetite over an average intersected width of 43m with individual assays returning up to 35% iron.

Mabuhay Gold project, Philippines

The Mabuhay Gold project ("Mabuhay") is located 12 kilometres ("km") south of Surigao City, the capital city in the province of Surigao del Norte, Philippines. Mabuhay, formerly known as "The Mindanao Mother Lode Mine" ("Mother

Lode") was an epithermal vein style bonanza-grade gold mine that is estimated to have produced around 500,000 ounces of gold from 1937 through to 1953. Mother Lode, which was once one of the Philippines' highest grade gold producers, is located in the centre of the Project's tenements.

Mabuhay covers an area of 878 hectares ("ha") comprising a Mineral Production Sharing Agreement application (APSA No. 000029-X) which is currently awaiting approval. A group of pre-existing mining lease contracts covering an aggregate area of 686 ha, which are also included in the agreement, are located within APSA No. 000029-X. These mining lease contracts are currently valid and will allow Rugby to conduct exploration and drilling activities.

Past drilling conducted on Mabuhay, which targeted the epithermal vein system at Mother Lode, returned significant results including 15.5m at 5.92g/t gold and 3.9m at 18.11g/t gold. Rugby plans to focus on testing the deep porphyry targets and will start work with an Induced Polarization ("IP") survey over the entire property followed by a drill program, expected to commence in early 2011, to test geophysical anomalies that are defined.

The Mabuhay Agreement
On October 5, 2010, the Company entered into agreements with Pelican Resources Limited, an ASX listed company, and All-Acacia Resources Inc. ("All-Acacia"), a Philippine company over the Mabuhay Gold Project in the Philippines. The agreement with Pelican Resources Limited ("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 Project. Under the Mabuhay Agreement, the Company will be required to make staged payments to Pelican and All-Acacia totalling US$900,000 ($923,940) over three years and incur staged expenditures of US$6.5 ($6.7) million over six years. In addition, the Company has paid Pelican a signature fee of US$20,000 ($20,466). Pelican will be paid a further US$5 ($5.1) million if commercial production commences at Mabuhay. A pre-feasibility study on the Property must also be completed. Upon the exercise of the Mabuhay Option, All-Acacia and the Company will 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 ($205,320) to All-Acacia towards All-Acacia's pro-rata share of expenditures until commencement of production from the Property.

Comita Porphyry Copper Gold Project, Colombia

The Comita Porphyry Copper Gold Project ("Comita") is located 100 kilometres ("km") southwest of Medellin in the Choco Region of Colombia. The region is an established mining /exploration district in Colombia that hosts significant operating gold mines and multiple copper gold porphyry discoveries.

The area was first recognised during the 1980's by a German government (BGR) reconnaissance exploration program which identified extensive and strongly anomalous copper stream sediment geochemistry which defined outcropping porphyry copper style mineralization. The zone of strong stream sediment copper anomalism covers a district sized area of approximately 8 square kilometres ("sq km"). Comita, which covers an area of 45 sq km, comprises one granted Contract Concession (JB5-08011) covering 15 sq km and two adjoining Concession Applications totalling 30 sq km. The Contract Concession was acquired by Rio Tinto in April 2010.

Comita is situated within undulating terrain with elevation ranging up to 900m. Mineralization is hosted by a sequence of felsic tuffs, proximal to and immediately west of the contact with a number of syenite to monzonite intrusives. Previous exploration by the BGR indicates potential for an enriched supergene blanket containing chalcocite after bornite, cuprite, malachite and native copper. Molybdenite was also observed. Alteration appears similar to other large porphyry copper systems where primary magnetite is replaced by hematite (martitization). Mineralized outcrops of stockwork quartz-bornite veining occur within the property. To date, no systematic modern exploration or drilling has been conducted on the property.

Existing mines in the region include Medoro Resource's Marmato deposit (9.7Moz Au) and the Frontino Gold Mine, which historically produced about 4.5 million ounces of gold ("Moz Au). Significant gold porphyry discoveries in the district include Sunward Resources' Titiribi (3.7Moz Au) deposit, AngloGold Ashanti's La Colosa (12.3 Moz Au) deposit, and AngloGold / B2Gold's Gramalote (2.4Moz Au) deposit.

The Comita Agreement
On October 12, 2010, the Company entered into an agreement (the "Comita Agreement") with Rio Tinto Mining and Exploration Colombia ("Rio Tinto"), over the Comita Porphyry Copper Gold Project in Colombia, granting it the right to earn up to a 60% interest in the project. The Comita Agreement provides that all of the mineral titles at Comita owned by Rio

Tinto, 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. Under the terms of the 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:

Option 1: The Company has an initial 5 year option to acquire an indirect 40% interest in the Comita Project by incurring US$10.0 ($10.0) million in exploration expenditures which include at least 10,000m of drilling as follows:

(i) US$250,000 ($256,650) on or before October 21, 2011, the first anniversary date of the agreement.

(ii) Thereafter the Company has the option, but not the obligation to incur US$9.75 ($10.0) million over the following four years with minimum annual expenditures of US$250,000 ($256,650) until such time as the Concession Applications are granted and the Comita Project is removed from the forestry reserve, following which the minimum annual expenditure will increase to US$1.0 ($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 ($1.0) million at the end of the initial 5 year option. Upon incurring the expenditures set out above, the Company is required to provide Rio Tinto with notice that it has met the requirements to acquire the initial 40% interest in Newco following which Rio Tinto has 90 days to elect to resume management of the Comita Project. In the event that Rio Tinto elects to resume management of the Comita Project, a joint venture will be formed and dilution provisions will apply. Should Rio Tinto elect not to resume management of the Comita Project, the Company will be granted a second option to acquire a further 20% indirect 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 ($15.4) million in expenditures, including 20,000m of drilling with minimum annual expenditures of US$1.0 ($1.0) million.

Interceptor Gold Copper Project, Argentina

The Interceptor Porphyry Gold Copper Project ("Interceptor") is located in Catamarca Province in Northern Argentina. Interceptor is drill ready with large scale targets defined by geochemical and geophysical surveys conducted by a previous operator.

In 1997 Newcrest Mining Ltd identified gold and copper mineralization in a sediment-intrusive complex at Interceptor. Eight bulldozer trenches totalling 2,000m were completed within a two sq km area. Importantly, not all of the trenches were successful in reaching bedrock. A total of 428 channel samples were collected by Newcrest, including:

- 39m at an average grade of 0.56 g/t gold
- 39m at 1.22 g/t gold
- 42m at 0.33% copper and 0.21g/t gold

The geology of Interceptor is documented to be an early microdiorite intruding an older sedimentary sequence which was subsequently intruded by silica-sericite-pyrite altered quartz-feldspar porphyry. Secondary copper mineralization is associated with quartz-stockworks that are exposed in a zone up to 100m wide. Colluvial cover obscures the true extent of the mineralization. Previous geophysical surveys identified a strong IIP anomaly which appears to be open and widening to the south. No drilling was performed.

The Interceptor Agreement
On November 23, 2010 the Company entered into an option agreement (the "Interceptor Agreement") with Miranda S.A., an Argentine company ("Miranda") to acquire 100% of the Interceptor Porphyry Gold Copper project. The Interceptor Agreement, which is subject to TSX-V approval, grants the Company a 6 year option to acquire 100% of titles which have a total area of 32.4 sq km. The consideration is the payment of an initial US$50,000 ($51,330) and thereafter the payment of an annual option fee of US$50,000 ($51,330) for 3 years, followed by payments of US$62,500 ($64,163); US$75,000 ($76,995) and US$87,500 ($89,828) for years 4 to 6. In addition, in order to exercise the option, the parties will negotiate the option exercise price, which will not be less than US$1.0 ($1.0) million and no greater than US$5.0 ($5.1) million. Miranda will also retain a 2% NSR over the properties. If the Company exercises the option to acquire the properties it will be required to pay

escalating advance royalty payments until the property is put into production. The Company also has an option to purchase the NSR from Miranda. There are no minimum annual expenditure or work commitments.

Results of Operations for the nine month period ended November 30, 2010

The Company recorded a net loss for the nine month period of $1,347,922 which is comprised of administrative expenses (calculated by removing project evaluation expenditures, professional fees and stock based compensation from the net loss) of $116,693, project evaluation expenditures of $735,482, professional fees of $68,076, and stock based compensation of $427,671.

Summary of Quarterly Results

	2011			2010				2009
	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter
Administrative expenses	$ 51,585	$ 37,740	$ 27,767	$ 18,581	$ 20,671	$ 33,777	$ 28,657	$ 10,703
Professional fees	20,732	22,662(1)	24,682(1)	33,415(1)	1,913	4,026(2)	15,689(1)	45,569(2)
Project evaluation costs	587,873(6)	110,974(3)	37,635	658,346(4)	97,200	275,207(5)	61,644	50,266

(1) Includes legal and accounting fees related to project agreements and year end audits.
(2) Professional fees are substantially related to costs associated with completing a QT.
(3) Includes US$20,000 ($20,466) paid to Pelican as a signature fee.
(4) Includes $615,000 being the fair market value of 1.5 million shares issued to Rowen in connection with the Hawkwood Option.
(5) Includes A$200,000 ($183,202) paid to Rowen for re-imbursement of expenditures.
(6) Includes US$50,000 ($51,070) paid to All-Acacia for the Mabuhay property and US$50,000 ($51,330) payable to Miranda S.A for the Interceptor property.

Financial Condition, Liquidity and Capital Resources

As at November 30, 2010 the Company had cash resources of $8,706,558 and working capital of $8,187,402. The Company believes that its cash resources are sufficient to meet its currently planned expenditures.

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. The Company's ability to raise capital in the past does not necessarily mean these markets will be readily accessible.

On November 24, the Company completed a non-brokered private placement consisting of 10,000,000 common shares at a price of $0.85 per common share for gross proceeds of $8,500,000. A finder's fee of 5% was paid on certain portions of the offering for a total of $167,750.

Incentive Stock Options

During the quarter ended November 30, 2010, the Company granted incentive stock options as follows:

Number	Exercise Price	Expiry
200,000	$0.85	October 22, 2015

On December 6th, 2010, the Company granted the following incentive stock options as follows (1,446,000 are subject to shareholder approval):

Number	Exercise Price	Expiry
2,075,000	$1.81	December 6, 2015

Contractual Obligations

At November 30, 2010, the Company had the following obligations arising from the option agreements it has entered into:

	2011	Total
Comita	US$ 250,000	US$ 250,000
Total US$	US$ 250,000	US$ 250,000
CAD Equivalent	$ 256,650	$ 256,650

Related Party Transactions

Amounts due to related parties of $157,489 at November 30, 2010 (February 28, 2010 - $102,437) is for administrative support fees, management, consulting and exploration fees, and for expenses incurred while conducting the Company's business.

During the nine month period ended November 30, 2010, related party transactions not otherwise disclosed in these financial statements are as follows:

(a) Paid or accrued project evaluation costs of $184,276, which included a bonus of $100,000 (November 30, 2009 - $89,512) to a company controlled by the Chief Executive Officer of the Company. As at November 30, 2010, the Company had amounts owing of $145,300 (February 28, 2010 – $32,783) to this company; and

(b) Paid or accrued administrative support fees of $45,000 (November 30, 2009 - $45,000) to a company with common directors. As at November 30, 2010, the Company had amounts owing of $12,189 (February 28, 2010 - $5,250) to this company; and

(c) Paid or accrued rent expense of $7,724 (November 30, 2009 - $nil) to a company controlled by a director of the Company.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related 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 and cashable GIC's 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 November 30, 2010. 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, Colombian, Philippine 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 currently held in foreign currencies. The Company's foreign currency risk is increasing with the increased expenditures being incurred and the related increases in foreign currency payables. 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

General

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

Business Cycles

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

Risk Factors

The Company is subject to substantial environmental requirements which could cause a restriction or suspension of certain operations. The current and anticipated future operations of the Company require permits from various governmental authorities and such operations are and will be governed by laws and regulations governing various elements of the mining industry. The Company's exploration activities in Columbia, the Philippines, Argentina and Australia are subject to various Federal, Provincial and local laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, and other matters. Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company seek permits from various governmental agencies the granting of which may be beyond its control.

The exploration for and development of mineral deposits involves significant risks which careful evaluation, experience and knowledge may not, in some cases, fully mitigate. Identifying mineral deposits is a time consuming and expensive business and the commercial viability of any mineral deposit, if found, depends on many factors, not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all have an impact on the economic viability of a mineral deposit.

Properties Held Under Option

Certain of our mineral exploration properties are currently held under option. We have no ownership interest in these properties until we meet, where applicable, all required property expenditures, cash payments, and common share issuances. If we are unable to fulfil the requirements of these option agreements, it is likely that we would be considered in default of the agreements and the option agreements could be terminated resulting in the complete loss of all expenditures and required option payments made on the properties to that date.

No Known Mineral Resource or Reserves

The Company is in the process of exploring for mineral deposits and has no known mineral resources or reserves and, if found, such mineral resources or resources may not prove to be economic, which would have a negative effect on the Company's operations and valuation. The Company has no production of minerals and its properties are all currently at the exploration stage. There is no assurance that a commercially viable mineral deposit exists on any of the Company's properties, and substantial additional work will be required in order to determine the presence of any such deposit. Some of the areas in which the Company is exploring for minerals have little or no infrastructure including roads, power or water and the cost of conducting exploration in such environments is correspondingly increased.

Laws and Regulations

In certain countries, the ownership of mining rights is limited or is subject to interpretation of various laws. In the event of such interpretation being found to be different, it could negatively affect the Company's ability to secure ownership of mineral properties.

The Company's mineral exploration is, and any development activities will be, subject to various Colombian, Philippine, Argentine, and Australian laws governing exploration, development, production, taxes, labour standards and occupational health, mine safety, environmental protection, toxic substances, land use, water use and other matters. Some of the mineral properties which the Company is exploring are located within forest reserves or adjacent to designated parks and special permits are required in order for it to commence exploration activities which can affect the environment within such areas. The availability of such permits has not yet been fully established by the Company. Exploration generally requires one form of permit while development and production operations require additional permits. There can be no assurance that all permits which we may require for future exploration or possible future development will be obtainable at all or on reasonable terms. In addition, future changes in applicable laws or regulations could result in changes in legal requirements or in the terms of existing permits applicable to us or our properties. This could have a negative effect on our exploration activities or our ability to develop our properties.

As we are presently at the exploration stage with all of our properties, the disturbance of the environment is limited and the costs of complying with environmental regulations are minimal. However, if operations result in negative effects upon the environment, government agencies will likely require us to provide remedial actions to correct the negative effects.

Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory authorities curtailing the Company's operations or requiring corrective measures, any of which could result in the Company incurring substantial expenditures. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration or development.

Access to Capital

We have limited financial resources and no operating cash flow. The Company expects to incur net cash outlays until such time, if ever, as its properties enter into commercial production and generate sufficient revenues to fund continuing operations. The development of mining operations would require the commitment of substantial resources for operating expenses and capital expenditures, which are likely to increase in subsequent years as needed consultants, personnel, materials and equipment associated with advancing exploration, development and commercial production of our properties are added. Currently inflation in some of the countries in which the Company is active in mineral exploration is unofficially estimated at 25% to 30% per annum.

The amounts and timing of expenditures incurred by the Company will depend on the progress and success of ongoing exploration, the results of consultants' analysis and recommendations, the rate at which operating losses are incurred, the acquisition of additional properties, and other factors, many of which are beyond the Company's control. The sources of financing the Company may use for these purposes include public or private offerings of equity or debt. In addition, the Company may enter into a strategic alliance, sell certain of its assets or utilize a combination of all of these alternatives. There can be no assurance that financing will be available on acceptable terms, or at all.

Recent global market events and conditions including disruptions in the Canadian, United States, European and other international credit markets and other financial systems may, among other things, impede the Company's access to capital or increase the cost of capital, both of which could have an adverse effect on the Company's ability to fund its operating, exploration and other requirements. These unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. The Company may not be able to access capital on acceptable terms to the Company, or at all. If we are unable to obtain sufficient financing in the future, we might have to dramatically slow exploration efforts and/or lose control of our projects. If equity financings are required, then such financings could result in significant dilution to existing or prospective shareholders.

Political and economic uncertainties.

The Company's property interests and exploration activities are carried out in foreign countries, principally Colombia, the Philippines, Argentina and Australia. Accordingly, the Company's activities are subject to political, economic and other uncertainties, including the risk of expropriation, nationalization, the rights of indigenous peoples and local communities, renegotiation or nullification of existing contracts, mining licenses and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions and fluctuations, changing political conditions and international monetary fluctuations. Future government actions concerning the economy, taxation, or the operation and regulation of nationally important resources and facilities such as mineral resources and mines, could have a significant effect on us. Any changes in regulations or shifts in political attitudes are beyond our control and may adversely affect our business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on foreign ownership of mineral resources, future exploitation and production, price controls, export controls, foreign exchange controls, income and/or mining royalties and taxes, expropriation of property, environmental legislation and mine and/or site safety. No assurances can be given that our plans and operations will not be adversely affected by future developments in the countries in which our company operates. The Company does not maintain political risk insurance.

Some of the Company's properties are located in countries which have experienced difficult personal security environments where some acts of kidnapping, terrorism and extortion have been reported. The cost of operating in such environments is increased by the need for site and personnel security and support.

Title to properties

In certain countries, the ownership of mining rights is limited or is subject to interpretation of various laws. In the event of such interpretation being found to be different, it could negatively affect the Company's ability to secure ownership of mineral properties.

Although the Company believes it has exercised commercially reasonable due diligence with respect to determining title to properties it owns, controls or has the right to acquire by option, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unrecorded agreements or transfers or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of the Company's properties, which, if successful, could impair development and/or operations. In addition, mineral properties may be leased and may be subject to defects in title. Only a preliminary legal survey of the boundaries of some of our properties has been done and, therefore, in accordance with the laws of the jurisdictions in which these properties are situated, their existence and area could be in doubt. If title is disputed, we will have to defend our ownership through the courts. In the event of an adverse judgment, we would lose our property rights.

The Natural Resource Industry is Highly Competitive

We compete with other exploration resource companies which have similar operations, and many competitors have operations, financial resources and industry experience greater than ours. This may place us at a disadvantage in acquiring, exploring and developing properties. These other companies could outbid us for potential projects or produce minerals at lower costs which would have a negative effect on our operations.

Dependence on Key Personnel

We depend on the business and technical expertise of our management and key personnel, including Paul Joyce, the President and Chief Executive Officer. It is unlikely that this dependence will decrease in the near term. As our operations expand, additional general management resources will be required. We may not be able to attract and retain additional qualified personnel and this would have a negative effect on our operations. We have entered into a formal services agreement with Paul Joyce, our President and Chief Executive Officer. We maintain no "key man" life insurance on any members of our management or directors.

Conflicts of Interest

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

Critical Accounting Estimates

The Company's significant accounting policies are described in detail in Note 3 of its unaudited interim financial statements for the nine month period ended November 30, 2010. 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

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.

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.

Changes in Accounting Policies

Future changes in accounting standards:

Business Combinations, Consolidated Financial Statements and Non-controlling interest

For interim and annual financial statements relating to its fiscal year commencing on or after March 1, 2011, the Company will be required to adopt new CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements." The adoption of Sections 1582 and collectively, 1601 and 1602 provides the Canadian equivalent to IFRS 3 "Business Combinations" and International Accounting Standard IAS 27 "Consolidated and Separate Financial Statements" respectively. The impact of adopting these new standards is not expected to have a material impact on the Company's financial statements.

International Financial Reporting Standards ("IFRS") – Transition Update

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 changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of March 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the fiscal year commencing March 1, 2010.

The Company is in the process of engaging an accounting firm to assist and provide project management advice with the implementation process to transition from current Canadian GAAP to IFRS. The transition process consists of three primary phases: scoping and diagnostic phase; impact analysis, evaluation and design phase; and implementation and review.

- Scoping and diagnostic phase – A preliminary diagnostic review will be completed in concert with an external accounting firm which includes the determination, at a high level, of the financial reporting differences under IFRS and the key areas that may be impacted. The areas with the highest potential impact will be identified.

- Impact analysis, evaluation and design phase – In this phase, each area identified from the scoping and diagnostic phase will be addressed in order of descending priority. This phase involves specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The Company anticipates that there will be changes in accounting policies and that these changes may materially impact the financial statements. The full impact on future financial reporting is not reasonably determinable or estimable at this time.

- Implementation and review phase – This phase includes execution of any changes to information systems and business processes and completing formal authorization processes to approve recommended accounting policy changes. It will also include the collection of financial information necessary to compile IFRS compliant financial statements and audit committee approval of IFRS financial statements.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The various accounting policy choices available are being assessed and those determined to be most appropriate to the Company's circumstances will be implemented.

The International Accounting Standard Board currently has projects underway that are expected to result in new pronouncements and as a result, IFRS as at the transition date is expected to differ from its current form. The final impact of IFRS on the Company's financial statements will only be determined once all applicable standards at the conversion date are known.

Management's Responsibility For Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information. The Company's CEO and CFO have confirmed to the Company that they are satisfied with the effectiveness of the Company's system of disclosure controls and procedures as at November 30, 2010 based upon their evaluation of the effectiveness of such disclosure controls and procedures.

Internal Controls And Disclosure Controls Over Financial Reporting

The Company as a Venture Issuer, is required to file basic certificates, which it has done for the nine months ended November 30, 2010. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under Multilateral Instrument 52-109 as at November 30, 2010.

Changes In Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the nine months ended November 30, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Additional Information

As at January 13, 2011 the Company had 31,895,000 common shares issued and outstanding, of which 4,707,500 are held in escrow. The escrow shares will be released at a rate of approximately 1,560,000 shares every 6 months. As at January 13, 2011, the Company had outstanding options and warrants as follows:

	Number	Exercise Price	Expiry
Options:	1,125,000	$0.30	October 9, 2014
	360,000	$0.30	October 10, 2014
	600,000	$0.42	July 7, 2015
	1,375,000	$0.50	July 20, 2015
	200,000	$0.85	October 22, 2015
	2,075,000	$1.81	December 6, 2015*
Warrants:	2,805,000	$0.30	July 17, 2011

*1,446,000 are subject to shareholder approval.

Directors and Officers

Directors:	Officers:
Paul Joyce	Paul Joyce, President and CEO
Bryce Roxburgh	Darcy Daubaras, CFO
Yale Simpson	
Robert Reynolds	
Cecil Bond	

Contact Person

Darcy Daubaras, CFO
Telephone: (604) 688-4941
Facsimile: (604) 688-9532