

**RUGBY MINING LIMITED**  
**(formerly Carlyle Mining Corp.)**

**FINANCIAL STATEMENTS**

**February 28, 2009 and February 29, 2008**

## AUDITORS' REPORT

### **TO THE SHAREHOLDERS OF RUGBY MINING LIMITED (formerly Carlyle Mining Corp.)**

We have audited the balance sheets of Rugby Mining Limited (formerly Carlyle Mining Corp.) as at February 28, 2009 and February 29, 2008 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2009 and February 29, 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*"Smythe Ratcliffe LLP" (signed)*

Chartered Accountants

Vancouver, British Columbia  
June 29, 2009

**RUGBY MINING LIMITED**  
**(formerly Carlyle Mining Corp.)**  
**BALANCE SHEETS**

	<u>February 28, 2009</u>	<u>February 29, 2008</u>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 827,939	\$ 1,000,154
Interest receivable	15,198	-
Goods and Services Tax receivable	9,376	4,271
	<u>\$ 852,513</u>	<u>\$ 1,004,425</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 133,414	\$ 30,525
<b>Shareholders' equity</b>		
Share capital (Note 5)	984,265	984,265
Contributed surplus (Note 6)	66,216	66,216
Deficit	(331,382)	(76,581)
	<u>719,099</u>	<u>973,900</u>
	<u>\$ 852,513</u>	<u>\$ 1,004,425</u>

**Basis of presentation** (Note 2)

**Subsequent events** (Note 11)

Approved on behalf of the Board:

“Yale Simpson” (signed)

.....  
 Yale Simpson, Director

“Cecil Bond” (signed)

.....  
 Cecil Bond, Director

**RUGBY MINING LIMITED**  
**(formerly Carlyle Mining Corp.)**  
**STATEMENTS OF OPERATIONS AND DEFICIT**

	<b>Year ended February 28, 2009</b>	<b>Year ended February 29, 2008</b>
<b>EXPENSES</b>		
Administrative	\$ 687	\$ 647
Professional fees	167,757	18,591
Bank charges	388	464
Project evaluation	50,266	6,688
Stock-based compensation	-	53,415
Stock exchange listing and filing fees	44,811	-
Transfer agent	9,340	6,967
Shareholder communications	1,457	-
Travel	-	9,731
Interest income	(19,905)	(24,680)
<b>Net loss and comprehensive loss for the year</b>	<b>254,801</b>	<b>71,823</b>
<b>Deficit, beginning of year</b>	<b>76,581</b>	<b>4,758</b>
<b>Deficit, end of year</b>	<b>\$ 331,382</b>	<b>\$ 76,581</b>
<b>Basic and diluted loss per share (excluding escrow shares)</b>	<b>\$ 0.05</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding (excluding escrow shares)</b>	<b>5,600,000</b>	<b>4,805,479</b>

**RUGBY MINING LIMITED**  
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**STATEMENTS OF CASH FLOWS**

	<b>Year ended February 28, 2009</b>	<b>Year ended February 29, 2008</b>
<b>Operating Activities</b>		
Net loss for the year	\$ (254,801)	\$ (71,823)
Item not requiring an outlay of cash:		
Stock-based compensation	-	53,415
	<b>(254,801)</b>	<b>(18,408)</b>
Changes in non-cash working capital		
Interest receivable	(15,198)	-
Goods and Services Tax receivable	(5,105)	(4,271)
Accounts payable and accrued liabilities	102,889	25,525
	<b>(172,215)</b>	<b>2,846</b>
<b>Financing Activities</b>		
Issue of share capital for cash	-	200,000
Share issue costs	-	(102,934)
	<b>-</b>	<b>97,066</b>
<b>(Decrease) increase in cash and cash equivalents</b>	<b>(172,215)</b>	<b>99,912</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>1,000,154</b>	<b>900,242</b>
<b>Cash and cash equivalents, end of the year</b>	<b>\$ 827,939</b>	<b>\$ 1,000,154</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 57,939	\$ 1,000,154
Cashable GIC's	770,000	-
	<b>\$ 827,939</b>	<b>\$ 1,000,154</b>
<b>Cash paid during the year for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the year for taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**RUGBY MINING LIMITED**  
**(formerly Carlyle Mining Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008**

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**1. NATURE OF BUSINESS**

Carlyle Mining Corp. (“Carlyle”) was incorporated under the *Business Corporations Act* (British Columbia) on January 24, 2007. Carlyle’s common shares were listed and called for trading on the TSX Venture Exchange (the “TSX-V”) on August 7, 2007. The principal business of Carlyle was to identify, evaluate and then acquire an interest in a business or assets. Upon listing, Carlyle was classified as a capital pool corporation (“CPC”) as defined in TSX-V Policy 2.4.

Pursuant to an ordinary resolution passed by the shareholders of Carlyle on February 25, 2009, Carlyle changed its name to Rugby Mining Limited (the “Company”).

**2. BASIS OF PRESENTATION**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments to the classifications and amounts of assets and liabilities that may be required should the Company be unable to continue in existence.

As at February 28, 2009, the Company has a working capital of \$719,099 (February 29, 2008 - \$973,900). At February 28, 2009, the Company had a deficit of \$331,382 (February 29, 2008 - \$76,581). The Company’s ability to continue in operation is dependent on its ability to secure additional financing to fund planned exploration and its ongoing administrative expenditures, and while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The Company has relied principally upon the issuance of securities for financing. Future capital requirements will depend on many factors including the Company’s ability to execute its business plan. The Company intends to continue relying upon the issuance of securities to finance its future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company, particularly in view of current market conditions.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company have been prepared in accordance with Canadian GAAP. The Company’s functional and reporting currency is the Canadian dollar.

(a) Cash and cash equivalents

The Company classifies highly liquid short-term investments that are readily convertible into known amounts of cash and have maturities of 90 days or less from the date of acquisition as cash equivalents.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(b) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between financial statement carrying values and their corresponding tax values (temporary differences) and tax loss carry forwards. Future income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply when the temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which the change occurs. The amount of future income tax assets recognized is limited to the amount that, in the opinion of management, is more likely than not to be realized.

(c) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all stock-based payments to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(d) Earnings (loss) per share

Basic earnings per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding. Subsequent to the year ended February 28, 2009, the Company completed its qualifying transaction. Consequently all shares currently subject to escrow will be included for subsequent earnings (loss) per share calculations as the release of such shares will be based on the passage of time.

(e) 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) Foreign currency transaction

Where applicable, foreign currency transactions and balances are translated into Canadian dollars as follows:

- i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of assets or assumption of liabilities; and
- iii) Expenses, rate of exchange at the time of the transaction.

Gains and losses arising from this translation of foreign currency are included in the determination of net loss for the year.

(g) Financial instruments and comprehensive income

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

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

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

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

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(h) New accounting policies adopted

Effective March 1, 2008 the Company adopted the following Handbook Sections issued by the Canadian Institute of Chartered Accountants:

i) Capital disclosures

Section 1535, "Capital Disclosures", which requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The initial adoption of this standard had no material impact on the Company's financial statements.

ii) Financial instruments

Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation". These sections replace Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The initial adoption of these standards had no material impact on the Company's financial statements.

iii) Going concern

Amended Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going concern. When financial statements are not prepared on a going concern basis that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the company is not considered a going concern. The adoption of this standard had no material effect on the Company's financial statements.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(i) Future accounting changes

i) International Financial Reporting Standards ("IFRS")

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

ii) Mining exploration costs

In March 2009, the EIC issued EIC-174, "Mining Exploration Costs", which provides guidance on capitalization of exploration costs related to mining properties. It also provides guidance for development and exploration stage entities that cannot estimate future cash flows from its properties in assessing whether impairment in such properties is required. EIC-174 also provides additional discussion on recognition for long-lived assets. EIC-174 is to be applied retrospectively without restatement of prior periods in interim and annual financial statements for periods ending on or after the date of issuance of EIC-174. The Company will adopt this recommendation in its fair value determinations effective March 1, 2009. The Company is currently assessing the impact of this change on its financial statements, but does not expect any material impact.

**4. CAPITAL MANAGEMENT**

The Company considers its capital to be all components of shareholders equity. The Company manages its capital structure and makes adjustments to it, based on the funds available, in order to support its activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of management to sustain future development of the business.

Based upon the Company's stage of development, it is dependent on external financing to fund its activities. In order to carry out the planned operations and pay for administrative costs, the Company will spend its existing working capital and be required to raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended February 28, 2009. The Company is not subject to externally imposed capital requirements.

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**5. SHARE CAPITAL**

(a) Authorized and issued

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

The Company has issued common shares as follows:

	February 28, 2009		February 29, 2008	
	Number of Shares	Amount	Number of Shares	Amount
<b>Balance, beginning of year</b>	<b>16,000,000</b>	<b>\$ 984,265</b>	14,000,000	\$ 900,000
Issued during the year for:				
Cash	-	-	2,000,000	200,000
Share issue costs	-	-	-	(115,735)
<b>Balance, end of year</b>	<b>16,000,000</b>	<b>\$ 984,265</b>	16,000,000	\$ 984,265

During the year ended February 29, 2008, the Company completed an initial public offering of 2,000,000 shares at a price of \$0.10 per share for gross proceeds of \$200,000. The Company incurred share issuance costs totalling \$115,735 in connection with this offering, including 200,000 agents' warrants with a fair value of \$12,801 issued to an agent in consideration of arranging the offering. The warrants expire on August 7, 2009.

(b) Escrow shares

Of the common shares issued, 10,400,000 are subject to an escrow agreement and may not be transferred without the consent of the TSX-V. The escrow agreement provides, among other things, that 10% of such shares will be released from escrow upon the completion of a "Qualifying Transaction", as defined in TSX-V Policy 2.4, and that a further 15% of such shares will be released every six months thereafter. Subsequent to February 28, 2009, 10% of the escrow shares were released upon completion of the Qualifying Transaction (see Note 10).

(c) 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 common shares of the Company's share capital issuable pursuant to options granted under the Plan may not exceed 10% of the total number of issued and outstanding shares of the Company on a non-diluted basis. Options granted under the Plan may have a maximum term of five 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 the 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.

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**5. SHARE CAPITAL** (continued)

(c) Stock option plan (continued)

The status of options granted under the Plan as of February 28, 2009 and changes during the year then ended is as follows:

	February 28, 2009		February 29, 2008		Expiry Date
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	
Outstanding, beginning of year	950,000	\$0.15	-	-	
Granted	-	-	950,000	\$0.15	July 24, 2012
Outstanding, end of year	950,000	\$0.15	950,000	\$0.15	
Weighted average remaining contractual life of options		3.40 years			

(d) Stock-based compensation

The fair value of options granted during the year ended February 29, 2008 was estimated at the grant date using the Black-Scholes option pricing model, with the following weighted average assumptions:

	February 29, 2008
Expected annual volatility	125%
Risk-free interest rate	4.55%
Expected life	2 years
Expected dividend yield	0.00%

Based on the above assumptions, the average fair value of each option granted and vested was approximately \$0.06, accordingly, compensation expense of \$53,415 was recorded in the statement of operations for the year ended February 29, 2008.

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**5. SHARE CAPITAL** (continued)

(e) Warrants

At February 28, 2009 and February 29, 2008, the Company had outstanding warrants exercisable to acquire 200,000 shares as follows:

Number	Exercise Price	Expiry Date
200,000	\$ 0.10	August 7, 2009

The fair value of warrants granted during the year ended February 29, 2008 was estimated at the grant date using the Black-Scholes option pricing model, with the following weighted average assumptions:

	February 29, 2008
Expected annual volatility	125%
Risk-free interest rate	4.55%
Expected life	2 years
Expected dividend yield	0.00%

Based on the above assumptions, the average fair value of each option granted and vested was approximately \$0.06, accordingly, compensation expense of \$12,801 was recorded in share issuance cost for the year ended February 29, 2008.

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**6. CONTRIBUTED SURPLUS**

	<b>February 28, 2009</b>	February 29, 2008
Balance, beginning of year	\$ 66,216	\$ -
Stock-based compensation expense	-	53,415
Agent's warrants	-	12,801
Balance, end of year	<u>\$ 66,216</u>	<u>\$ 66,216</u>

**7. RELATED PARTY TRANSACTIONS**

During the year ended February 28, 2009, the Company entered into the following transactions with related parties:

- (a) Paid or accrued project evaluation cost of \$28,336 (February 29, 2008 - \$Nil) to an officer; and
- (b) Paid or accrued a non-refundable deposit of \$22,388 (February 29, 2008 - \$Nil) to a company with a common director.

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.

**8. INCOME TAXES**

As at February 28, 2009, the Company has non-capital losses of approximately \$315,000 that may be applied to reduce future taxable income. The potential future tax benefit of these losses has not been recorded in these financial statements. The losses expire as follows:

2027	\$ 4,000
2028	36,000
2029	<u>275,000</u>
	<u>\$ 315,000</u>

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**8. INCOME TAXES (continued)**

A reconciliation of income tax provision computed at the Canadian statutory rate of 30.87% (2008 – 31%) to the reported income tax provision is as follows:

	<b>February 28, 2009</b>	February 29, 2008
Income tax benefit computed at statutory rate	\$ (78,657)	\$ (22,265)
Stock-based compensation	-	16,559
Other	27	1,696
Reduction in future income taxes result from statutory rate reduction	18,517	(494)
Unrecognized non-capital losses	60,113	4,504
	<u>\$ -</u>	<u>\$ -</u>

Significant components of the Company's future income tax assets, after applying enacted corporate income tax rate of 26% (2008 – 31%), are as follow:

	<b>February 28, 2009</b>	February 29, 2008
Non-capital losses	\$ 82,093	\$ 12,509
Share issue costs	16,058	25,528
Total future tax asset	98,151	38,037
Valuation allowance	(98,151)	(38,037)
Future income taxes	<u>\$ -</u>	<u>\$ -</u>

The valuation allowance reflects the Company estimate that it is more likely than not that the tax assets will not be realized.

**9. FINANCIAL INSTRUMENTS**

The Company classifies its cash and cash equivalents and interest receivable as held-for-trading; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of cash and cash equivalents, interest receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

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**9. FINANCIAL INSTRUMENTS (continued)**

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

(a) Credit 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.

The Company's concentration of credit risk and maximum exposure thereto is as follows relating to financial assets:

	<b>February 28, 2009</b>	February 29, 2008
Cash	\$ 57,939	\$ 1,000,154
Cashable GIC's	<b>770,000</b>	-
Interest receivable	<b>15,198</b>	
	<b>\$ 843,137</b>	<b>\$ 1,000,154</b>

Concentration of credit risk exists as the Company's cash and cash equivalents and interest receivable at February 28, 2009 of \$843,137 are held at a single major Canadian financial institution. The interest rate on the GIC is at Bank of Montreal prime less 2.25% and it matures on March 18, 2009.

(b) Liquidity risk

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. The Company has cash and cash equivalents at February 28, 2009 in the amount of \$827,939 in order to meet short-term business requirements. At February 28, 2009, the Company had current liabilities of \$133,414.

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**9. FINANCIAL INSTRUMENTS (continued)**

(c) Market risk

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 February 28, 2009. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a material effect on interest income.

ii) Foreign currency risk

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

iii) Other price risk

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

**10. QUALIFYING TRANSACTION**

On December 2, 2008, the Company entered into an amended agreement (the "Agreement") with Rowen Company Limited ("Rowen") for the option to acquire 60% (the "Option") of Sunland. Sunland's wholly owned subsidiary, Rugby Mining Pty Limited, owns or controls certain mineral tenements located near Hawkwood in Queensland, Australia. Pursuant to the Agreement, the Company would, following shareholder approval and TSX-V acceptance of the Qualifying Transaction, make payments of A\$200,000 (\$162,400) to Rowen to repay a portion of the loan advanced to Sunland by Rowen to cover sunk costs and for exploration expenditures incurred to date. In addition the Company paid A\$25,000 (\$22,388) to Rowen as a non-refundable deposit upon signing of the Agreement. This amount is included in project evaluation costs.

In order to maintain its option, the Agreement provides that the Company must incur exploration expenditures totalling A\$3.0 (\$2.44) million (including 20,000 metres of bedrock drilling) over 42 months, of which A\$500,000 (\$406,000) is a minimum commitment.

Rowen is controlled by Bryce Roxburgh, a director of the Company and, as a result, the agreement constitutes a related party transaction.

**RUGBY MINING LIMITED**  
**(formerly Carlyle Mining Corp.)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008**

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**11. SUBSEQUENT EVENTS**

On March 5, 2009, the TSX-V accepted for filing the Company's Qualifying Transaction, as described above. As a result, effective at the open of trading on March 6, 2009, the trading symbol for the Company changed from "CLY.P" to "RUG" and the Company was no longer considered a CPC. The Company is now classified as a "Mineral Exploration and Development" company.

Subsequent to February 28, 2009, the Company announced that, subject to regulatory acceptance, it had arranged a non-brokered private placement consisting of up to 3,000,000 units ("Units") at \$0.20 per Unit for gross proceeds of up to \$600,000. Each Unit will consist of one common share ("Share") and one transferable share purchase warrant ("Warrant"). Each Warrant will be exercisable for an additional Share of the Company for a period of two years from the closing at a price of \$0.30 per Share.