



**RUGBY MINING LIMITED**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the six months ended August 31, 2015 and 2014**  
**(Expressed in Canadian Dollars)**

**Unaudited – Prepared by Management**

## **RUGBY MINING LIMITED**

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

Vancouver, Canada

October 29, 2015

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

|   | <b>August 31, 2015</b> | February 28, 2015 |
|---|------------------------|-------------------|
| <b>Assets</b>                                 |                        |                   |
| <b>Current</b>                                |                        |                   |
| Cash and cash equivalents                     | \$ 227,581             | \$ 775,297        |
| Amounts receivable and prepaids               | 33,625                 | 20,344            |
|   | <b>261,206</b>         | <b>795,641</b>    |
| <b>Mineral properties</b> (Note 3)            | <b>86,400</b>          | 100,000           |
|   | <b>\$ 347,606</b>      | <b>\$ 895,641</b> |
| <b>Liabilities</b>                            |                        |                   |
| <b>Current</b>                                |                        |                   |
| Accounts payable and accrued liabilities      | \$ 90,085              | \$ 69,887         |
| Due to related parties (Note 7)               | 100,034                | 20,452            |
|   | <b>190,119</b>         | <b>90,339</b>     |
| <b>Shareholders' Equity</b>                   |                        |                   |
| <b>Share capital</b> (Note 4)                 | <b>15,238,612</b>      | 15,238,612        |
| <b>Contributed surplus</b>                    | <b>5,495,933</b>       | 5,455,799         |
| <b>Deficit</b>                                | <b>(20,524,477)</b>    | (19,857,596)      |
| <b>Accumulated other comprehensive income</b> | <b>(52,581)</b>        | (31,513)          |
|   | <b>157,487</b>         | <b>805,302</b>    |
|   | <b>\$ 347,606</b>      | <b>\$ 895,641</b> |

**Nature of Operations** (Note 1)  
**Basis of preparation** (Note 2)

Approved on behalf of the Board:

*Robert Reynolds*  
..... Director

*Yale Simpson*  
..... Director

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

|   | Three Months ended<br>August 31, |                   | Six Months ended<br>August 31, |                     |
|---|----------------------------------|-------------------|--------------------------------|---------------------|
|   | 2015                             | 2014              | 2015                           | 2014                |
| <b>Income</b>   |                                  |                   |                                |                     |
| Interest income   | \$ 1,054                         | \$ 7,149          | \$ 3,015                       | \$ 16,852           |
| <b>Expenses</b>   |                                  |                   |                                |                     |
| Accounting, audit and professional fees                                   | 27,982                           | 46,256            | 59,501                         | 84,719              |
| Administrative (Note 5)   | 41,669                           | 222,708           | 159,985                        | 395,835             |
| Bank charges  | 1,140                            | 2,251             | 3,391                          | 5,456               |
| Directors' fees (Note 5)  | -                                | 14,788            | 7,355                          | 31,131              |
| Foreign exchange loss (gain)  | (821)                            | 7,888             | (879)                          | 13,363              |
| Insurance   | 9,493                            | 9,075             | 17,906                         | 19,288              |
| Project evaluation (Notes 3 and 5)  | 197,143                          | 312,672           | 416,203                        | 840,102             |
| Shareholder communications  | -                                | 2,993             | 804                            | 12,572              |
| Stock exchange and filing fees  | 4,343                            | 4,843             | 4,343                          | 10,343              |
| Transfer agent  | 634                              | 646               | 1,381                          | 1,434               |
| Travel  | (5,048)                          | 14,601            | (94)                           | 19,459              |
|   | <b>276,535</b>                   | <b>638,721</b>    | <b>669,896</b>                 | <b>1,433,702</b>    |
| <b>Net loss for the period</b>  | <b>275,481</b>                   | <b>631,572</b>    | <b>666,881</b>                 | <b>1,416,850</b>    |
| <b>Other comprehensive loss (income)</b>                                  | <b>15,945</b>                    | <b>(5,997)</b>    | <b>21,068</b>                  | <b>(11,494)</b>     |
| <b>Comprehensive loss for the period</b>                                  | <b>\$ 291,426</b>                | <b>\$ 625,575</b> | <b>\$ 687,949</b>              | <b>\$ 1,405,356</b> |
| <b>Basic &amp; diluted loss per common share from loss for the period</b> | <b>\$ 0.01</b>                   | <b>\$ 0.01</b>    | <b>\$ 0.03</b>                 | <b>\$ 0.03</b>      |
| <b>Weighted average number of common shares outstanding</b>               | <b>46,035,000</b>                | <b>46,035,000</b> | <b>46,035,000</b>              | <b>46,035,000</b>   |

**RUGBY MINING LIMITED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**

| <b>For the six months ended,</b>                       | <b>August 31, 2015</b> | <b>August 31, 2014</b> |
|--|------------------------|------------------------|
| <b>Operating Activities</b>                            |                        |                        |
| <b>Net loss for the period</b>                         | <b>\$ (666,881)</b>    | <b>\$ (1,416,850)</b>  |
| Items not requiring an outlay of cash:                 |                        |                        |
| Share based payments (Note 5)                          | <b>40,134</b>          | 208,789                |
|  | <b>(626,747)</b>       | (1,208,061)            |
| Changes in non-cash working capital                    |                        |                        |
| Amounts receivable and prepaids                        | <b>(13,281)</b>        | (95,667)               |
| Accounts payable and accrued liabilities               | <b>9,782</b>           | (38,671)               |
| Due to related parties                                 | <b>89,998</b>          | (11,753)               |
| <b>Cash flows from operating activities</b>            | <b>(540,248)</b>       | (1,354,152)            |
| <b>Effect of foreign exchange rate change on cash</b>  | <b>(7,468)</b>         | 6,295                  |
| <b>Net decrease in cash and cash equivalents</b>       | <b>(547,716)</b>       | (1,347,857)            |
| <b>Cash and cash equivalents - beginning of period</b> | <b>775,297</b>         | 2,995,819              |
| <b>Cash and cash equivalents - end of period</b>       | <b>\$ 227,581</b>      | <b>\$ 1,647,962</b>    |

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

|                                     | Issued Share Capital |                      | Contributed<br>Surplus | Deficit                | Accumulated<br>Other<br>Comprehensive<br>Loss | Total<br>Shareholders'<br>Equity |
|-------------------------------------|----------------------|----------------------|------------------------|------------------------|---|----------------------------------|
|                                     | Number of Shares     | Amount               |                        |                        |   |                                  |
| <b>Balance at February 29, 2014</b> | <b>46,035,000</b>    | <b>15,238,612</b>    | <b>5,141,135</b>       | <b>(17,331,168)</b>    | <b>4,228</b>                                  | <b>3,052,807</b>                 |
| - Share-based payments recognized   | -                    | -                    | 208,789                | -                      | -   | 208,789                          |
| - Other comprehensive income        | -                    | -                    | -                      | -                      | 11,494  | 11,494                           |
| - Net loss for the period           | -                    | -                    | -                      | (1,416,850)            | -   | (1,416,850)                      |
| <b>Balance at August 31, 2014</b>   | <b>46,035,000</b>    | <b>\$ 15,238,612</b> | <b>\$ 5,255,509</b>    | <b>\$ (18,748,018)</b> | <b>\$ 15,722</b>                              | <b>\$ 1,856,240</b>              |
| - Share-based payments recognized   | -                    | -                    | 200,290                | -                      | -   | 200,290                          |
| - Other comprehensive income        | -                    | -                    | -                      | -                      | 21,788  | 21,788                           |
| - Net loss for the period           | -                    | -                    | -                      | (1,741,150)            | -   | (1,741,150)                      |
| <b>Balance at February 28, 2015</b> | <b>46,035,000</b>    | <b>\$ 15,238,612</b> | <b>5,455,799</b>       | <b>(19,857,596)</b>    | <b>(31,513)</b>                               | <b>805,302</b>                   |
| - Share-based payments recognized   | -                    | -                    | 40,134                 | -                      | -   | 40,134                           |
| - Other comprehensive loss          | -                    | -                    | -                      | -                      | (21,068)                                      | (21,068)                         |
| - Net loss for the period           | -                    | -                    | -                      | (666,881)              | -   | (666,881)                        |
| <b>Balance at August 31, 2015</b>   | <b>46,035,000</b>    | <b>\$ 15,238,612</b> | <b>5,495,933</b>       | <b>(20,524,777)</b>    | <b>(52,581)</b>                               | <b>157,487</b>                   |

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2015 AND 2014**  
**(UNAUDITED)**

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**1. Nature of Operations**

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 the United States, Australia, Colombia, and the Philippines.

The Company is in the exploration stage with its various mineral properties. The continued operations of the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of such properties, and the profitable production from or disposition of such properties.

The Company has its primary listing on the Toronto Stock Exchange Venture (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 condensed interim consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board applicable to the preparation of the interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. Accordingly, the accounting policies followed by the Company are set out in Note 4 of the audited consolidated financial statements for the year ended February 28, 2015, and have been consistently followed in the preparation of these condensed interim consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements. These condensed interim consolidated financial statements were approved and authorized by the Audit Committee of the Board of Directors for issue on October 22, 2015.

**3. Mineral Properties – Acquisition and Exploration Costs**

**a) Acquisition Costs**

|  | <u>Cobrasco</u>   |
|--|-------------------|
| <i>Cost</i>                            |                   |
| As at February 28, 2014                | \$ 108,201        |
| Additions                              | -                 |
| Effect of movements in exchange rates  | (8,201)           |
| <b>Balance as at February 28, 2015</b> | <b>\$ 100,000</b> |
| As at March 1, 2015                    | \$ 100,000        |
| Additions                              | -                 |
| Effect of movements in exchange rates  | (13,600)          |
| <b>Balance as at August 31, 2015</b>   | <b>\$ 86,400</b>  |

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. Mineral Properties – Acquisition and Exploration Costs (Continued)**

**b) Exploration Costs**

The tables below show the Company's exploration and evaluation expenditures for the six month periods ended August 31, 2015 and 2014.

|   | <b>Six Months ended August 31, 2015</b> |           |           |           |                   |            |
|---|---|-----------|-----------|-----------|-------------------|------------|
|   | Generative<br>& Other                   | Cobrasco  | Comita    | Mabuhay   | Great<br>Northern | Total      |
| Assay                                       | -                                       | -         | -         | -         | 6,036             | 6,036      |
| Field camp                                  | -                                       | -         | -         | 8,340     | 34,515            | 42,855     |
| Geological*                                 | 51,340                                  | 52,655    | 14,023    | -         | 20,929            | 138,947    |
| Legal                                       | -                                       | 39,965    | 548       | 6,074     | 3,556             | 50,143     |
| Office operations                           | -                                       | 42,757    | -         | 3,754     | 43,744            | 90,255     |
| Travel                                      | 517                                     | 14,194    | -         | 8,851     | 15,734            | 39,296     |
| Wages and benefits                          | -                                       | 11,360    | -         | 23,308    | 14,003            | 48,671     |
| Exploration and evaluation costs            | 51,857                                  | 160,931   | 14,571    | 50,327    | 138,517           | 416,203    |
| Cumulative exploration and evaluation costs | 3,513,713                               | 1,308,283 | 2,221,856 | 2,342,347 | 888,951           | 10,275,150 |

\* Includes share based compensation as reflected below:

|            | <b>Six Months ended August 31, 2015</b> |          |        |         |                   |       |
|------------|---|----------|--------|---------|-------------------|-------|
|            | Generative<br>& Other                   | Cobrasco | Comita | Mabuhay | Great<br>Northern | Total |
| Geological | \$ -                                    | 5,485    | \$ -   | \$ -    | \$ -              | 5,485 |
| Total      | \$ -                                    | 5,485    | \$ -   | \$ -    | \$ -              | 5,485 |

|   | <b>Six Months ended August 31, 2014</b> |            |             |             |                   |             |
|---|---|------------|-------------|-------------|-------------------|-------------|
|   | Generative<br>& Other                   | Cobrasco   | Comita      | Mabuhay     | Great<br>Northern | Total       |
| Drilling                                    | \$ -                                    | \$ -       | \$ -        | \$ -        | \$ 114,189        | \$ 114,189  |
| Field camp                                  | -                                       | -          | -           | 5,629       | 4,299             | 9,928       |
| Geological*                                 | 20,427                                  | 117,912    | 12,623      | 548         | 108,692           | 260,202     |
| Legal                                       | -                                       | 9,321      | 463         | 6,192       | 5,061             | 21,037      |
| Office operations                           | 1,712                                   | 84,269     | 1,107       | 2,665       | 697               | 90,450      |
| Option and cannon fees                      | -                                       | -          | -           | -           | 154,560           | 154,560     |
| Travel                                      | 1,373                                   | 44,648     | 2,645       | 9,511       | 47,082            | 105,259     |
| Wages and benefits                          | -                                       | 14,038     | -           | 22,203      | 48,236            | 84,477      |
| Exploration and evaluation costs            | \$ 23,512                               | \$ 270,188 | \$ 16,838   | \$ 46,748   | \$ 482,816        | \$ 840,102  |
| Cumulative exploration and evaluation costs | \$3,367,905                             | \$ 934,757 | \$2,162,804 | \$2,234,033 | \$ 482,816        | \$9,182,315 |

\* Includes share based compensation as reflected below:

|            | <b>Six Months ended August 31, 2014</b> |           |        |         |                   |           |
|------------|---|-----------|--------|---------|-------------------|-----------|
|            | Generative<br>& Other                   | Cobrasco  | Comita | Mabuhay | Great<br>Northern | Total     |
| Geological | \$ -                                    | \$ 19,166 | \$ -   | \$ -    | \$ -              | \$ 19,166 |
| Total      | \$ -                                    | \$ 19,166 | \$ -   | \$ -    | \$ -              | \$ 19,166 |



**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2015 AND 2014**  
**(UNAUDITED)**

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**3. Mineral Properties – Acquisition and Exploration Costs (Continued)**

Cobrasco Porphyry Copper Gold Project, Colombia

The Cobrasco concession, which is subject to a 1% net smelter royalty (“NSR”), was acquired in April 2013 (See Note 3(a)).

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:

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.

**RUGBY MINING LIMITED**  
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**3. Mineral Properties – Acquisition and Exploration Costs (Continued)**

The Jessup Gold-Silver Project, Nevada, USA

On August 17, 2015 the Company entered into an option agreement with a private U.S. company over the Jessup Gold-Silver Project (“Jessup”). Jessup is situated 100 kilometers northeast of Reno Nevada.

The Jessup Agreement grants Rugby a three year option to earn an 100% interest in Jessup by:

- (i) making annual cash payments totalling US\$90,000 over the three years;
- (ii) incurring annual exploration expenditures of US\$50,000, US\$75,000 and US\$100,000 respectively over the three years; and
- (iii) prior to the end of the third year, at Rugby’s election, pay US\$800,000 to exercise the Option. The Concession holder will retain a 0.8% Net Smelter Royalty interest (the “NSR”) in Jessup upon the exercise of the Option.

Rugby may extend the Option exercise period for a further three years by paying US\$100,000 annually as an advance NSR payment (“Advance Royalty Payments”).

Rugby has the option to purchase part or all of the NSR at any time before December 31, 2028 for US\$100,000 per 0.1% increment (total US\$800,000 for 0.8%), less any Advance Royalty Payments paid to the concession holder.

An additional underlying 1.6% NSR pursuant to prior underlying property agreements is owned by another third party over Jessup.

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.

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.

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**3. Mineral Properties – Acquisition and Exploration Costs (Continued)**

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.

**4. Share Capital**

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:

|                                     | August 31, 2015   |                      | February 28, 2015 |               |
|-------------------------------------|-------------------|----------------------|-------------------|---------------|
|                                     | Number of Shares  | Amount               | Number of Shares  | Amount        |
| <b>Balance, beginning of period</b> | <b>46,035,000</b> | <b>\$ 15,238,612</b> | 46,035,000        | \$ 15,238,612 |
| <b>Balance, end of period</b>       | <b>46,035,000</b> | <b>\$ 15,238,612</b> | 46,035,000        | \$ 15,238,612 |

During the six month period ended August 31, 2015, no common shares were issued (please see Subsequent Event Note 10).

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2015 AND 2014**  
**(UNAUDITED)**

**5. 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 August 31, 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 six month period ended August 31, 2015 and the year ended February 28, 2015 are as follows:

|  | August 31, 2015 |                                 | February 28, 2015 |                                 |
|--|-----------------|---------------------------------|-------------------|---------------------------------|
|  | Options         | Weighted Average Exercise Price | Options           | Weighted Average Exercise Price |
| Options outstanding, beginning of period | 8,410,000       | \$ 0.35                         | 8,555,000         | \$ 0.35                         |
| Forfeited/expired                        | 1,575,000       | 0.39                            | (100,000)         | 0.30                            |
| Granted                                  | -               | -                               | (45,000)          | 0.27                            |
| Options outstanding, end of period       | 6,835,000       | \$ 0.34                         | 8,410,000         | \$ 0.35                         |

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2015:

| Range of Prices (\$) | Outstanding Options |   |                                 | Exercisable Options |   |                                 |
|----------------------|---------------------|---|---------------------------------|---------------------|---|---------------------------------|
|                      | Number              | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price | Number              | Weighted Average Remaining Life (Years) | Weighted Average Exercise Price |
| 0.01 - 0.24          | 2,325,000           | 7.25                                    | \$ 0.18                         | 1,562,500           | 6.65                                    | \$ 0.18                         |
| 0.25 - 0.49          | 3,070,000           | 5.30                                    | 0.38                            | 2,920,000           | 5.42                                    | 0.39                            |
| 0.50 - 0.75          | 1,440,000           | 0.43                                    | 0.50                            | 1,440,000           | 0.43                                    | 0.50                            |
|                      | 6,835,000           | 4.94                                    | \$ 0.34                         | 5,922,500           | 4.53                                    | \$ 0.36                         |

Share-based compensation recognized on options vesting during the period amounting to \$40,134 (2014 - \$208,789) has been allocated to contributed surplus. Share-based compensation has been allocated as follows:

|   | Three months ended August 31, |           | Six months ended August 31, |            |
|---|-------------------------------|-----------|-----------------------------|------------|
|   | 2015                          | 2014      | 2015                        | 2014       |
| Administrative                            | \$ -                          | \$ 70,345 | \$ 27,294                   | \$ 158,492 |
| Directors’ fees                           | -                             | 14,788    | 7,355                       | 31,131     |
| Mineral property exploration expenditures | -                             | 9,282     | 5,485                       | 19,166     |
| Total                                     | \$ -                          | \$ 94,415 | \$ 40,134                   | \$ 208,789 |

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2015 AND 2014**  
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**6. Warrants**

At August 31, 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 (please see Subsequent Event Note 10).

**7. Related Party Transactions**

- a) During the six month period ended August 31, 2015, a total of \$142,974 (2014 – \$165,799) was paid or accrued for related party transactions with companies controlled by directors 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 \$82,080 at August 31, 2015 (February 28, 2015 – \$10,416) are non-interest bearing and are due on demand.

The total of \$142,974 for the six month period ended August 31, 2015 was paid or accrued as follows: \$62,496 (2014 – \$62,496) to Berenvy Pty Ltd., a company controlled by Paul Joyce, the President & CEO of the Company for consulting fees, \$60,000 (2014- \$80,000) to Rowen Company Limited, a company controlled by Bryce Roxburgh, the Chairman of the Company for consulting fees and \$20,478 (2014 – \$23,303) to Rogo Investments Pty Ltd., a company controlled by Robert Reynolds, a director of the Company for office rental fees which are priced at commercial market prices.

- b) During the period, 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 six month period ended August 31, 2015 was \$51,457 (2014 – \$68,708). As at August 31, 2015, the Company had amount payable of \$17,954 (February 28, 2015 – \$10,036) to Exeter. The amounts due to Exeter are non-interest bearing and are due on demand.

**8. Executive Compensation**

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

The following compensation has been provided to key management personnel for the three and six month periods ended August 31, 2015 and 2014:

|                      | Three months ended August 31, |            | Six months ended August 31, |            |
|----------------------|-------------------------------|------------|-----------------------------|------------|
|                      | 2015                          | 2014       | 2015                        | 2014       |
| Compensation - cash  | <b>85,430</b>                 | \$ 134,955 | <b>171,105</b>              | \$ 190,413 |
| Share-based payments | -                             | 36,980     | <b>16,549</b>               | 79,870     |
| <b>Total</b>         | <b>85,430</b>                 | \$ 171,935 | <b>187,654</b>              | \$ 270,283 |

**RUGBY MINING LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTH PERIOD ENDED AUGUST 31, 2015 AND 2014**  
**(UNAUDITED)**

**9. 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:

| <b>August 31, 2015</b>                    | Canada  | Australia | Colombia | Philippines | Total   |
|---|---------|-----------|----------|-------------|---------|
| Cash and cash equivalents                 | 133,976 | 31,071    | 13,478   | 49,056      | 227,581 |
| Amounts receivable and prepaids           | 28,291  | 1,830     | 1,949    | 1,555       | 33,625  |
| Mineral properties                        | -       | -         | 86,400   | -           | 86,400  |
|   | 162,267 | 32,901    | 101,827  | 50,611      | 347,606 |
| Current Liabilities                       | 140,911 | 26,694    | 20,987   | 1,527       | 190,119 |
|   | 21,356  | 6,207     | 80,840   | 49,084      | 157,487 |
| <b>Six months ended August 31, 2015</b>   |         |           |          |             |         |
| Mineral property exploration expenditures | -       | 138,517   | 227,359  | 50,327      | 416,203 |
| Net loss                                  | 262,102 | 90,635    | 254,871  | 59,273      | 666,881 |

| <b>February 28, 2015</b>        | 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 |

**Six months ended August 31, 2014**

|                            |            |            |            |           |              |
|----------------------------|------------|------------|------------|-----------|--------------|
| Project evaluation expense | \$ -       | \$ 482,816 | \$ 310,538 | \$ 46,748 | \$ 840,102   |
| Net loss                   | \$ 527,036 | \$ 482,816 | \$ 351,426 | \$ 55,572 | \$ 1,416,850 |

**10. Subsequent Event**

On October 15, 2015, the Company closed a non-brokered private placement for 8,387,500 units at a price of \$0.08 per unit for gross proceeds of \$671,000 (the "Private Placement"). Each unit consists of one common share, and one common share purchase warrant (the "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company for a period of five years from the date of the Private Placement closing, at an exercise price of \$0.10 if exercised during the first year and thereafter, until exercised, the Warrant will increase in exercise price each year on the anniversary date of the Private Placement closing by \$0.01 to a maximum price of \$0.14 in year five.