RUGBY MINING LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and six months ended August 31, 2012 and 2011
(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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, Canada

October 29, 2012

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

			August 31, 2012		February 29, 2012
Assets					
Current					
Cash and cash equivalents		$	**2,805,676**	$	4,326,222
Accounts receivable and prepaids			**41,258**		62,691
Due from related party	(Note 8)		**-**		6,415
Exploration advances			**52,333**		91,621
			2,899,267		4,486,949
Property and equipment	(Note 4)		**36,242**		41,727
		$	**2,935,509**	$	4,528,676
Liabilities					
Current					
Accounts payable and accrued liabilities		$	**57,092**	$	360,519
Due to related parties	(Note 8)		**61,920**		71,327
			119,012		431,846
Shareholders' Equity					
Share capital	(Note 5)		**11,617,706**		11,617,706
Contributed surplus			**4,387,353**		4,217,715
Deficit			**(13,192,381)**		(11,747,942)
Accumulated other comprehensive income			**3,819**		9,351
			2,816,497		4,096,830
		$	**2,935,509**	$	4,528,676

Basis of presentation (Note 2)
Contractual obligations (Note 10)

Approved on behalf of the Board:

"Paul Joyce"
.... Director

"Robert Reynolds"
.... Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF LOSS AND COMPRENSIVE LOSS

		Three Months ended August 31,		Six Months ended August 31,	
		2012	2011	**2012**	2011
Income					
Interest income		**$ 7,817**	$ 16,800	**$ 17,651**	$ 38,919
Expenses					
Accounting and audit		**31,026**	17,026	**46,324**	33,939
Administrative	(Note 6)	**141,725**	207,127	**295,744**	403,288
Amortization		**2,741**	3,533	**5,485**	5,065
Bank charges		**1,356**	4,142	**7,267**	6,914
Directors' fees	(Note 6)	**7,702**	255,115	**37,793**	565,167
Foreign exchange loss (gain)		**(648)**	37,316	**(3,015)**	25,871
Insurance		**8,696**	8,632	**15,405**	13,977
Professional fees		**11,248**	32,183	**13,680**	57,045
Project evaluation	(Notes 3 and 6)	**360,002**	1,398,213	**1,017,829**	2,473,812
Shareholder communications		**611**	10,126	**2,109**	20,562
Transfer agent		**710**	8,941	**2,043**	10,752
Travel		**698**	10,405	**21,426**	26,308
		565,867	1,992,759	**1,462,090**	3,642,700
Net loss for the period		**558,050**	1,975,959	**1,444,439**	3,603,781
Other comprehensive loss		**10,171**	-	**5,532**	-
Comprehensive loss for the period		**$ 568,221**	$ 1,975,959	**$ 1,449,971**	$ 3,603,781
Basic & diluted loss per common share from loss for the period		**$ 0.02**	$ 0.06	**$ 0.04**	$ 0.11
Weighted average number of common shares outstanding		**34,700,000**	33,850,472	**34,700,000**	33,027,014

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended,		August 31, 2012	August 31, 2011
Operating Activities			
Net loss for the period		**$ (1,444,439)**	$ (3,603,781)
Items not requiring an outlay of cash:			
Amortization	(Note 4)	**5,485**	5,065
Share based payments	(Note 6)	**169,638**	1,141,269
		(1,269,316)	(2,457,447)
Changes in non-cash working capital			
Prepaid expenses and other receivables		**60,109**	(11,609)
Due from related party		**6,415**	-
Accounts payable and accrued liabilities		**(299,826)**	133,441
Due to related parties		**(9,407)**	(63,589)
Cash flows from operating activities		**(1,512,025)**	(2,399,204)
Financing Activities			
Issue of share capital for cash	(Note 5)	**-**	794,250
Cash flows from financing activities		**-**	794,250
Investing Activities			
Acquisition of property and equipment		**-**	(9,063)
Cash flows from investing activities		**-**	(9,063)
Effect of foreign exchange rate change on cash		**(8,521)**	-
Net decrease in cash and cash equivalents		**(1,520,546)**	(1,614,017)
Cash and cash equivalents - beginning of period		**4,326,222**	7,970,579
Cash and cash equivalents - end of period		**$ 2,805,676**	$ 6,356,562

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

RUGBY MINING LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued Share Capital					
	Number of Shares	Amount	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at February 28, 2011	**32,052,500**	**$ 10,823,456**	**$ 2,045,567**	**$ (5,125,958)**	**$ (7,151)**	**$ 7,735,914**
Activity during the period:						
- Exercise of warrants	2,647,500	794,250	-	-	-	794,250
- Share-based payments recognized	-	-	1,141,269	-	-	1,141,269
- Net loss for the period	-	-	-	(3,603,781)	-	(3,603,781)
Balance at August 31, 2011	**34,700,000**	**$ 11,617,706**	**$ 3,186,836**	**$ (8,729,739)**	**$ (7,151)**	**$ 6,067,652**
Activity during the period:						
- Exercise of warrants	-	-	-	-	-	-
- Share-based payments recognized	-	-	1,030,879	-	-	1,030,879
- Other comprehensive income	-	-	-	-	16,502	16,502
- Net loss for the period	-	-	-	(3,018,203)	-	(3,018,203)
Balance at February 29, 2012	**34,700,000**	**$ 11,617,706**	**$ 4,217,715**	**$ (11,747,942)**	**$ 9,351**	**$ 4,096,830**
Activity during the period:						
- Share-based payments recognized	-	-	169,638	-	-	169,638
- Other comprehensive income	-	-	-	-	(5,532)	(5,532)
- Net loss for the period	-	-	-	(1,444,439)	-	(1,444,439)
Balance at August 31, 2012	**34,700,000**	**$ 11,617,706**	**$ 4,387,353**	**$ (13,192,381)**	**$ 3,819**	**$ 2,816,497**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

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 Colombia, Philippines, Argentina and Australia.

The Company is in the process of exploring its 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 5 of the audited consolidated financial statements for the year ended February 29, 2012, 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 financial statements were approved and authorized by the Audit Committee of the Board of Directors for issue on October 25, 2012.

3. Project Evaluation

The tables below show the Company's project exploration and evaluation expenditures for the six month period ended August 31, 2012 and 2011.

	Six months ended August 31, 2012					
	Generative & Other	Comita	Mabuhay	Hawkwood	Interceptor	Total
Assays	$ 5,975	$ -	$ -	$ -	$ 7,473	$ 13,448
Drilling	30,904	-	-	-	80,069	110,973
Field camp	17,810	-	13,301	9,582	8,057	48,750
Geological**	142,328	125,443	29,360	2,321	67,050	366,502
IVA	-	-	-	-	27,186	27,186
Legal	23,077	31,128	3,711	2,902	19,414	80,232
Office operations**	-	42,298	4,307	-	43,354	89,959
Resource development	-	43,455	3,295	-	-	46,750
Option fee*	63,606	-	-	-	-	63,606
Travel	30,644	25,016	13,637	-	16,887	86,184
Wages and benefits	-	45,049	39,190	-	-	84,239
Exploration and evaluation costs	$ 314,344	$ 312,389	$ 106,801	$ 14,805	$ 269,490	$ 1,017,829
Cumulative exploration and evaluation costs	$ 1,706,848	$ 1,687,960	$ 1,855,891	$ 1,034,668	$ 1,780,074	$ 8,065,441

* Includes US$50,000 option fee for Zonda
** Includes share based compensation as reflected below:

	Six months ended August 31, 2012					
	Generative & Other	Comita	Mabuhay	Hawkwood	Interceptor	Total
Geological	$ -	$ -	$ 18,602	$ -	$ -	$ 18,602
Office operations	-	13,951	-	-	22,817	36,768
Total	$ -	$ 13,951	$ 18,602	$ -	$ 22,817	$ 55,370

	Six Months ended August 31, 2011					
	Generative	Comita	Mabuhay	Hawkwood	Interceptor	Total
Assays	$ -	$ -	$ 17,762	$ -	$ 4,825	$ 22,587
Drilling	-	-	790,666	-	-	790,666
Field camp	-	-	63,527	11,436	64,855	139,818
Geological*	196,452	300,205	147,952	6,495	85,661	736,765
Geophysics	-	70,437	65,868	-	101,835	238,140
IVA	-	-	-	-	35,545	35,545
Legal	677	53,450	7,913	2,592	7,804	72,436
Office operations*	1,620	110,007	8,125	-	71,303	191,055
Resource development	-	10,152	3,492	-	1,428	15,072
Travel	10,547	52,703	34,918	2,730	8,155	109,053
Wages and benefits	-	21,732	63,796	14,431	22,716	122,675
Exploration and evaluation costs	$ 209,296	$ 618,686	$ 1,204,019	$ 37,684	$ 404,127	$ 2,473,812
Cumulative exploration and evaluation costs	$ 1,169,999	$ 1,085,875	$ 1,490,315	$ 1,010,357	$ 472,901	$ 5,229,447

* Includes share based compensation as reflected below:

	Six Months ended August 31, 2011					
	Generative	Comita	Mabuhay	Hawkwood	Interceptor	Total
Geological	$ 83,146	$ 168,040	$ 38,824	$ -	$ -	$ 250,363
Office operations	-	26,505	-	-	50,911	117,063
Total	$ 83,146	$ 194,545	$ 38,824	$ -	$ 50,911	$ 367,426

3. Project Evaluation (Continued)

Comita Porphyry Copper Gold Project, Colombia

On October 12, 2010, the Company announced it had entered into an option agreement (the "Comita Agreement") over the Comita Porphyry Copper Gold project in Colombia ("Comita"), granting the Company 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 the title holder, 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 million in exploration expenditures which include at least 10,000 metres ("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 over the following four years with minimum annual expenditures of US$250,000 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 the initial 5 year option. 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% 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 million in expenditures, including 20,000 m of drilling with minimum annual expenditures of US$1.0 million on or before October 21, 2018.

3. Project Evaluation (Continued)

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.

Under the Mabuhay Agreement, in order to maintain its option, the Company is required to make staged payments to Pelican and All-Acacia totaling US$900,000 over three years (US$50,000 (incurred), future payments have been deferred until the Mineral Sharing Agreement application ("MPSA") is approved by the federal authorities), incur staged expenditures of US$6.5 million over six years, of which approximately US$1.5 million has been incurred, and complete a pre-feasibility study to earn its interest and exercise its option to the Mabuhay project. In addition, the Company has paid Pelican a signature fee of US$20,000. Pelican will be paid a further US$5.0 million if commercial production commences at Mabuhay.

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

Interceptor Gold Copper Project, Argentina

On November 23, 2010, the Company entered into an option agreement (the "Interceptor Agreement") to acquire 100% of the Interceptor porphyry gold copper project in Catamarca Province, Argentina. The Interceptor Agreement, grants the Company a 6 year option to acquire 100% of titles which have a total area of 32.4 sq km. The Company has made option payments totaling US$150,000 and further annual payments of US$50,000; US$62,500; US$75,000 and US$87,500 for years 3 to 6 are required to maintain the option. 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 million and no greater than US$5.0 million. The vendor will also retain a 2% net smelter royalty ("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 for an amount to be negotiated between the parties. As a result of current market conditions, the Company has arranged the deferral of future option payments with the optioner until such time that the Company resumes a drilling program at Interceptor. There are no minimum annual expenditure or work commitments.

The Zonda Gold Copper Project, Argentina

On November 28, 2011, the Company announced it had entered into an option agreement to acquire 100% of the Zonda gold-copper porphyry project ("Zonda") in San Juan Province, Argentina.

The Zonda Agreement, grants the Company a 6 year option to acquire 100% of the Zonda project upon payment of an initial US$50,000 (paid) and thereafter the payment of an annual option fee of US$50,000 payable in 2011 (paid), 2012 (paid) and 2013, followed by payments of US$62,500; US$75,000 and US$87,500 for years 4 to 6. The vendor 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 for an amount to be negotiated between the parties. There are no minimum annual expenditure or work commitments.

3. Project Evaluation (Continued)

Rio Chico Platinum Copper Project, Argentina

On November 28, 2011, the Company announced it had entered into an option agreement to earn up to 100% interest in the Rio Chico gold-platinum-copper project ("Rio Chico") in Catamarca Province, Argentina. The agreement (the "Rio Chico Agreement") grants Rugby a five-year option to acquire 100% of concession 40/07. The Company has paid US$10,000 to date and is required to make annual payments commencing on February 16, 2013 of US$40,000; US$100,000; US$150,000; US$200,000 and US$500,000 for years one to five for 100% interest. There are no minimum annual expenditure or work commitments.

Hawkwood Property Australia

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 amendments dated December 31, 2009, the Company has the option (the "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 as a non-refundable deposit and a further A$200,000 to repay a portion of a loan advanced to Sunland by Rowen. In addition, pursuant to the amendment dated December 31, 2009, the Company issued 1.5 million common shares with a fair value of $615,000 to Rowen (issued on June 5, 2010), and is required to incur exploration expenditures, at is option, as follows:

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

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

Part of the Hawkwood property is subject to a 2% NSR payable to Newcrest Operations Limited ("Newcrest").

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 permits 15289 and 17099 (the "Exploration Area") which comprises a part of the Company's Hawkwood project. Under the terms of the Eastern Agreement, Eastern Iron has earned a 50% interest in the Exploration Area by funding an A$700,000 exploration expenditure work program by February 10, 2013 ("Phase One"). Eastern Iron can increase its interest in the Exploration Area to 80% by incurring an additional A$3.6 million in expenditures and completing a bankable feasibility study by February 10, 2018 ("Phase Two").

3. Project Evaluation (Continued)

Exploration permit 15289 is subject to a 2% NSR held by Newcrest. Eastern Iron is required to incur expenditures and complete a bankable feasibility study to earn its interest, at its option, as follows:

Phase One (Completed)
Total Phase One expenditures of A$700,000.

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

4. Property and Equipment

	Computer equipment	Website	Leasehold improvements	Office equipment & furniture	Total
Cost					
As at March 1, 2011	$ 10,525	$ 7,260	$ 14,727	$ 4,226	$ 36,738
Additions	10,180	-	740	8,325	19,245
Balance as at February 29, 2012	$ 20,705	$ 7,260	$ 15,467	$ 12,551	$ 55,983
Depreciation					
As at March 1, 2011	$ (1,579)	$ (1,089)	$ -	$ (422)	$ (3,090)
Charged for the period	(4,211)	(1,851)	(3,510)	(1,594)	(11,166)
Balance as at February 29, 2012	$ (5,790)	$ (2,940)	$ (3,510)	$ (2,016)	$ (14,256)
Net carrying value					
As at March 1, 2011	$ 8,946	$ 6,171	$ 14,727	$ 3,804	$ 33,648
As at February 29, 2012	$ 14,915	$ 4,320	$ 11,957	$ 10,535	$ 41,727
Cost					
As at March 1, 2012	$ 20,705	$ 7,260	$ 15,467	$ 12,551	$ 55,983
Additions	-	-	-	-	-
Balance as at August 31, 2012	$ 20,705	$ 7,260	$ 15,467	$ 12,551	$ 55,983
Depreciation					
As at March 1, 2012	$ (5,790)	$ (2,940)	$ (3,510)	$ (2,016)	$ (14,256)
Charged for the period	(2,237)	(648)	(1,547)	(1,053)	(5,485)
Balance as at August 31, 2012	$ (8,027)	$ (3,588)	$ (5,057)	$ (3,069)	$ (19,741)
Net carrying value					
As at March 1, 2012	$ 14,915	$ 4,320	$ 11,957	$ 10,535	$ 41,727
As at August 31, 2012	$ 12,678	$ 3,672	$ 10,410	$ 9,482	$ 36,242

5. Share Capital

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, 2012			February 29, 2012		
	Number of Shares		**Amount**	Number of Shares		Amount
Balance, beginning of period	**34,700,000**	**$**	**11,617,706**	32,052,500	$	10,823,456
Issued during the period for:						
Cash – warrants exercised	**-**		**-**	2,647,500		794,250
Balance, end of period	**34,700,000**	**$**	**11,617,706**	34,700,000	$	11,617,706

During the six month period ended August 31, 2012, no common shares were issued.

During the year ended February 29, 2012, the Company issued common shares as follows:

a) 2,647,500 common shares pursuant to the exercise of warrants at a price of $0.30 per share for cash proceeds of $794,250.

6. 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 20% of the total number of issued and outstanding shares of the Company on a non-diluted basis. At August 31, 2012, the maximum number of options issuable under the Plan was 6,940,000. 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, 2012 and the year ended February 29, 2012 are as follows:

	August 31, 2012		February 29, 2012	
	Options	**Weighted Average Exercise Price**	Options	Weighted Average Exercise Price
Options outstanding, beginning of period	6,535,000	$ 0.70	6,035,000	$ 0.70
Cancelled/forfeited	(50,000)	1.15	(150,000)	1.15
Granted	-	-	650,000	0.79
Options outstanding, end of period	6,485,000	$ 0.70	6,535,000	$ 0.70

6. Stock Option Plan (Continued)

The following table summarizes information about the stock options outstanding and exercisable at August 31, 2012:

	Outstanding Options			Exercisable Options		
Range of Prices ($)	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
0.00 - 1.00	4,310,000	2.78	$ 0.46	4,122,500	2.71	$ 0.45
1.01 - 2.00	2,175,000	3.29	1.17	2,075,000	3.30	1.17
	6,485,000	2.95	$ 0.70	6,197,500	2.91	$ 0.69

Share-based compensation recognized on options vesting during the period amounting to $169,638 (2011- $1,141,269) has been allocated to contributed surplus. Share-based compensation has been allocated as follows:

	Three Months ended August 31		**Six Months ended August 31**	
	2012	2011	**2012**	2011
Administrative	$ 33,476	$ 102,684	$ 91,694	$ 228,033
Directors' fees	-	250,223	22,574	545,810
Project evaluation	18,178	184,409	55,370	367,426
Total	**$ 51,654**	**$ 537,316**	**$ 169,638**	**$ 1,141,269**

7. Warrants

During the period ended August 31, 2012 Nil (August 31, 2011 - 2,647,500) warrants were exercised for proceeds of $Nil (August 31, 2011 - $794,250). The Company had no warrants outstanding at August 31, 2012 (February 29, 2012 - Nil) to acquire common shares.

8. Related Party Transactions

Amounts due from related party of $Nil at August 31, 2012 (February 29, 2012 - $6,415) is for the recovery of travel expenditures incurred by Company on behalf of an associated company.

Amounts due to related parties of $61,920 at August 31, 2012 (February 29, 2012 - $71,327) is for administrative support fees, management, consulting and exploration fees, and for expenses incurred while conducting the Company's business. The amounts due to related parties are non-interest bearing and are due upon receipt of an invoice.

During the period ended August 31, 2012, a total of $219,883 (August 31, 2011 - $336,467) was paid or accrued for related party transactions as described below:

a) Paid or accrued project evaluation costs of $84,909 (2011 - $104,765) to a company controlled by the Chief Executive Officer of the Company. As at August 31, 2012, the Company has amounts owing of $34,074 (2011 - $48,747) to this company.

8. Related Party Transactions (Continued)

b) Paid or accrued administrative support fees of $118,743 (2011 - $155,996) to a company with directors in common. As at August 31, 2012 the Company has amounts owing of $27,846 (2011- $22,580) to this company.

c) Paid or accrued rent expense of $16,231 (2011 - $15,706) to a company controlled by a director of the Company. As of August 31, 2012 the Company has amounts owing of $Nil (2011 - $Nil) to this company.

d) Paid or accrued consulting expense of $Nil (2011 - $60,000) to a company controlled by the Chairman of the Company. As of August 31, 2012 the Company has amounts owing of $Nil (2011 - $Nil) to this company.

9. 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 six month period ended August 31, 2012 and 2011:

		2012		2011
Compensation - cash	$	**104,909**	$	164,765
Share-based payments		**22,574**		542,895
Total	$	**127,483**	$	707,660

10. Contractual Obligations

The Company leases office space in Canada, Colombia and Philippines and has expenditure and option payments related to its properties. Option payments and property expenditure obligations are contingent on exploration results and can be cancelled at any time should exploration results so warrant. See Note 3. Other financial commitments are summarized in the table below:

		Payments Due by Year		
	Total	2013	2014-2015	2016
Office lease				
- Canada *	$ 152,380	$ 21,769	$ 87,074	$ 43,537
- Foreign offices	17,000	17,000	-	-
Total	**$ 169,380**	**$ 38,769**	**$ 87,074**	**$ 43,537**

*The Company shares office space with one other related entity. The amount reflected above is the Company's share of the lease obligation.

11. 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:

August 31, 2012	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	$ 2,574,187	$ -	$ 32,323	$ 187,900	$ 11,266	$ 2,805,676
Accounts receivable and prepaids	41,258	-	-	-	-	41,258
Exploration advances	-	25,798	10,967	12,408	3,160	52,333
Property and equipment	27,326	8,916	-	-	-	36,242
	2,642,771	34,714	43,290	200,308	14,426	2,935,509
Current Liabilities	(79,640)	-	(15,704)	(22,215)	(1,453)	(119,012)
	$ 2,563,131	$ 34,714	$ 27,586	$ 178,093	$ 12,973	$ 2,816,497
Project evaluation expense	$ -	$ 14,805	$ 529,179	$ 367,044	$ 106,801	$ 1,017,829
Net loss – August 31, 2012	$ 354,182	$ 14,805	$ 574,403	$ 394,248	$ 106,801	$ 1,444,439

February 29, 2012	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash and cash equivalents	$ 4,049,867	$ -	$ 127,242	$ 125,232	$ 23,881	$ 4,326,222
Accounts receivable and prepaids	69,896	37,698	16,674	34,548	1,911	160,727
Property and equipment	31,193	10,534	-	-	-	41,727
	4,150,956	48,232	143,916	159,780	25,792	4,528,676
Current Liabilities	(193,848)	-	(218,013)	(10,336)	(9,649)	(431,846)
	$ 3,957,108	$ 48,232	$ (74,097)	$ 149,444	$ 16,143	$ 4,096,830
Project evaluation expense	$ -	$ 40,064	$ 434,185	$ 758,556	$ 1,241,007	$ 2,473,812
Net loss – August 31, 2011	$ 1,129,969	$ 40,064	$ 434,185	$ 758,556	$ 1,241,007	$ 3,603,781