RUGBY MINING LIMITED

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
November 30, 2011 and 2010
(Expressed in CDN Dollars)

Unaudited – Prepared by Management

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

January 26, 2012

RUGBY MINING LIMITED
Condensed Interim Consolidated Statement of Financial Position
(Unaudited)

			November 30, 2011		February 28, 2011 (Note 3)
Assets					
Current					
Cash		$	**5,393,777**	$	7,970,579
Accounts receivable and prepaids			**57,946**		37,223
Prepaid exploration costs			**55,026**		28,087
			5,506,749		8,035,889
Property and equipment	(Note 6)		**44,394**		33,648
		$	**5,551,143**	$	8,069,537
Liabilities					
Current					
Accounts payable and accrued liabilities		$	**231,490**	$	209,928
Due to related parties	(Note 10)		**44,706**		116,544
			276,196		326,472
Shareholders' Equity					
Share capital	(Note 7)		**11,617,706**		10,823,456
Contributed surplus	(Note 9)		**3,951,524**		2,045,567
Deficit			**(10,294,283)**		(5,125,958)
			5,274,947		7,743,065
		$	**5,551,143**	$	8,069,537

Basis of presentation (Note 2)
Contractual obligations (Note 12)

Approved on behalf of the Board:

"Paul Joyce"
.... Director

"Cecil Bond"
.... Director

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

RUGBY MINING LIMITED
Condensed Interim Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

		Three Months ended November 30,		Nine Months ended November 30,	
		2011	2010	**2011**	2010
Income					
Interest income		**$ 17,591**	$ -	**$ 56,510**	$ -
Expenses					
Administrative	(Note 7)	**150,739**	64,975	**587,966**	149,788
Amortization		**3,432**	820	**8,497**	2,318
Bank charges		**3,524**	471	**10,438**	2,669
Directors' fees	(Note 7)	**593,064**	53,731	**1,158,231**	165,049
Foreign exchange loss		**9,121**	-	**34,992**	-
Insurance		**8,507**	3,054	**22,484**	8,692
Professional fees		**25,750**	20,732	**82,795**	68,076
Project evaluation	(Notes 5 and 7)	**768,571**	735,230	**3,242,383**	921,931
Shareholder communications		**2,448**	12,104	**23,010**	20,146
Transfer agent		**5,262**	2,621	**16,014**	7,997
Travel		**11,717**	796	**38,025**	1,256
		1,582,135	894,534	**5,224,835**	1,347,922
Net loss and comprehensive loss for the period		**1,564,544**	894,534	**5,168,325**	1,347,922
Deficit at beginning of period		**8,729,739**	2,259,374	**5,125,958**	1,805,986
Deficit at end of period		**$ 10,294,283**	$ 3,153,908	**$ 10,294,283**	$ 3,153,908
Basic & diluted loss per common share		**$ 0.05**	$ 0.04	**$ 0.15**	$ 0.06
Weighted average number of common shares outstanding		**34,700,000**	22,366,429	**33,580,530**	21,556,679

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

RUGBY MINING LIMITED
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

		Nine Months ended November 30,	
		2011	2010
Operating Activities			
Net loss for the period		**$ (5,168,325)**	$ (1,347,922)
Items not requiring an outlay of cash:			
Amortization	(Note 6)	**8,497**	2,318
Share-based payments	(Note 7)	**1,905,957**	427,671
		(3,253,871)	(917,933)
Changes in non-cash working capital			
Prepaid expenses and other receivables		**(85,409)**	(69,692)
Accounts payable and accrued liabilities		**59,309**	400,696
Due to related parties		**(71,838)**	55,052
		(3,351,809)	(531,877)
Financing Activities			
Issue of share capital for cash	(Note 7)	**794,250**	8,522,500
Share issue costs		**-**	(218,012)
		794,250	8,304,488
Investing Activities			
Acquisition of property and equipment	(Note 6)	**(19,243)**	(22,012)
Net decrease in cash and cash equivalents		**(2,576,802)**	7,750,599
Cash and cash equivalents - beginning of period		**7,970,579**	955,959
Cash and cash equivalents - end of period		**$ 5,393,777**	$ 8,706,558
Cash paid during the period for interest		**$ -**	$ -
Cash paid during the period for income taxes		**$ -**	$ -

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

RUGBY MINING LIMITED
Condensed Consolidated Statement of Changes in Equity
(Unaudited)

	Issued Share Capital					
	Number of Shares	Amount	Contributed Surplus	Obligation to issue shares	Deficit	Total Shareholders' Equity
Balance - March 1, 2010	**20,195,000**	**$ 1,817,110**	**$ 196,735**	**$ 615,000**	**$ (1,805,986)**	**$ 822,859**
Additions during the period:						
- Option payment	1,500,000	615,000	-	(615,000)	-	-
- Equity financing net of share issue costs	10,000,000	8,281,988	-	-	-	8,281,988
- Exercise of stock options	50,000	15,000	-	-	-	15,000
- Exercise of warrants	25,000	7,500	-	-	-	7,500
- Contributed surplus allocated on exercise of options and warrants	-	10,253	(10,253)	-	-	-
- Share-based payments recognized	-	-	427,671	-	-	427,671
- Net loss for the period	-	-	-	-	(1,347,922)	(1,347,922)
Balance – November 30, 2010	**31,770,000**	**$ 10,746,851**	**$ 614,153**	**$ -**	**$ (3,153,908)**	**$ 8,207,096**
Balance - March 1, 2011	**32,052,500**	**$ 10,823,456**	**$ 2,045,567**	**$ -**	**$ (5,125,958)**	**$ 7,743,065**
Additions during the period:						
- Exercise of warrants	2,647,500	794,250	-	-	-	794,250
- Share-based payments recognized	-	-	1,905,957	-	-	1,905,957
- Net loss for the period	-	-	-	-	(5,168,325)	(5,168,325)
Balance – November 30, 2011	**34,700,000**	**$ 11,617,706**	**$ 3,951,524**	**$ -**	**$ (10,294,283)**	**$ 5,274,947**

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

1. Nature of Operations

Rugby Mining Limited (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on January 24, 2007, and together with its subsidiaries is engaged in the acquisition and exploration of mineral properties in, Colombia, Philippines, Argentina and Australia. The Company's common shares are listed for trading on the TSX Venture Exchange (the "TSX-V").

The Company's head office is located at 1660-999 West Hastings Street, Vancouver, BC, Canada, V6C 2W2.

2. Basis of Preparation and Adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and required publicly accountable enterprises to apply such standards effective for the years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in the condensed consolidated interim financial statements for the period ended May 31, 2011. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting* and IFRS 1, First-time Adoption of International Financial Reporting Standards. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's condensed interim consolidated financial statements for the period ended May 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies have always been in effect. Note 3(b) discloses the impact of the transition to IFRS on the Company's reported financial results, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended February 28, 2011.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of January 19, 2012, the date the Audit Committee of the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending February 29, 2012 could result in restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on change-over to IFRS.

3. Explanation of Transition to IFRS

The Company's IFRS accounting policies were disclosed in Note 5 of the condensed interim consolidated financial statements for the period ended May 31, 2011.

Reconciliations of assets, liabilities, equity, comprehensive income and cash flows of the Company from those reported under Canadian GAAP to IFRS at March 1, 2010, February 28, 2011 and May 31, 2010 were disclosed in Note 3 of the condensed interim consolidated financial statements for the period ended May 31, 2011. For these periods the reconciliations noted that there were no differences between Canadian GAAP and IFRS.

Initial elections upon adoption

Set out below are the applicable IFRS 1 exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS:

a) IFRS exemption options:

Exemption for share-based payment transactions

An IFRS 1 exemption allows the Company to apply IFRS 2, 'Share-based payment', only to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS. The Company has elected to utilize the exemption and, as a result, was only required to recalculate the impact on any share based payments that had not vested at the date of transition, March 1, 2010. This standard had no material impact on the consolidated financial statements.

Business combinations

IFRS 1 provides the option to apply IFRS 3R, Business Combinations, retrospectively or prospectively from March 1, 2010. The retrospective basis would require the restatement of prior acquisitions that meet the definition of a business combination under IFRS 3R. The Company elected not to adopt IFRS 3R retrospectively to business combinations that occurred prior to effective March 1, 2010. The standard had no material impact on the consolidated financial statements.

b) Reconciliations of Canadian GAAP to IFRS

The adoption of IFRS had no impact on the equity, comprehensive loss and cash flows and as a result no reconciliations have been presented.

4. Changes in Accounting Policy and Disclosures

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial instruments - Classification and Measurement (IFRS 9); IFRS 10, Consolidated Financial Statements (IFRS 10); IFRS 11, Joint Arrangements (IFRS 11); IFRS 12, Disclosure of Interests in Other Entities (IFRS 12); IAS 27, Separate Financial Statements (IAS 27); IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Also in June 2011, the IASB amended IAS 19, Employee Benefits (IAS 19) and IAS 1, Presentation of Financial Statements (IAS 1), which has not yet been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

4. Changes in Accounting Policy and Disclosures (Continued)

The following is a brief summary of the new standards:

IAS 1 – Presentation of Financial Statements

This standard requires companies preparing financial statements under IFRS to group items within Other Comprehensive Income (OCI) that may be reclassified to the profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statements or two consecutive statements. The amendments to IAS 1 are set out in Presentation of Items of OCI and are effective for fiscal years beginning on or after July 1, 2012.

IAS 19 – Post-Employment Benefits

In June 2011, the IASB issued an amended version of IAS 19, Employee Benefits ("IAS 19"). The amendments to IAS 19 are meant to improve the quality, transparency and comparability of information presented for post-employment benefits. For defined benefit plans, the amendments eliminate the option to defer actuarial gains and losses on the balance sheet through the "corridor method". The amendments also require any remeasurement gains or losses, including actuarial gains and losses, to be recognized immediately and presented in other comprehensive income, eliminating the option to recognize and present these through the income statement. Additional disclosures will also be required to present better information about the characteristics, amounts recognized, and risks related to defined benefit plans. The amendments to IAS 19 are effective for financial years beginning on or after January 1, 2013 with earlier adoption permitted. The Company does not have post-employment benefits thus this policy will not have an impact on the Company's financial statements.

IFRS 9 – Financial Instruments - Classification and Measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39, 'Financial instruments: Recognition and measurement', and have not been changed.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 – Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

4. Changes in Accounting Policy and Disclosures (Continued)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 – Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement. This standard does not have an impact on the Company's condensed consolidated financial statements as it is currently in the exploration stage.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

5. Project Evaluation

The tables below show the Company's project exploration and evaluation expenditures for the nine months ended November 30, 2011 and 2010.

	Nine Months ended November 30, 2011					
	Generative	Comita	Mabuhay	Hawkwood	Interceptor	Total
Assays	$ -	$ -	$ 54,594	$ -	$ 8,343	$ 62,937
Drilling	-	-	804,709	-	76,572	881,281
Field camp	-	-	76,177	11,570	129,644	217,391
Geological*	271,559	346,210	175,968	11,928	176,928	982,593
Geophysics	-	70,437	65,868	-	103,335	239,640
IVA	-	-	-	-	55,092	55,092
Legal	39,672	21,068	11,173	2,592	14,907	89,412
Office operations*	1,620	172,781	11,283	-	109,890	295,574
Resource development	-	10,256	3,493	-	1,451	15,200
Option fee	-	-	-	-	51,985	51,985
Travel	29,380	60,577	59,685	2,743	27,140	179,525
Wages and benefits	-	30,326	92,471	14,431	34,525	171,753
Exploration and evaluation costs	$ 342,231	$ 711,655	$ 1,355,421	$ 43,264	$ 789,812	$ 3,242,383
Cumulative exploration and evaluation costs	$ 1,251,604	$ 1,178,543	$ 1,641,719	$ 1,015,937	$ 910,215	$ 5,998,018

* Includes share-based compensation as reflected below:

5. Project Evaluation (Continued)

	Nine Months ended November 30, 2011					
	Generative	Comita	Mabuhay	Hawkwood	Interceptor	Total
Geological	$ 105,885	$ 197,979	$ 53,525	$ -	$ -	$ 357,389
Office operations	-	44,882	-	-	70,657	115,539
Total	$ 105,885	$ 242,861	$ 53,525	$ -	$ 70,657	$ 472,928

	Nine Months ended November 30, 2010					
	Generative	Comita	Mabuhay	Hawkwood	Interceptor	Total
Assays	$ 811	$ -	$ -	$ -	$ -	$ 811
Field camp	1,622	-	6,839	7,841	-	16,302
Geological*	337,255	166,367	16,864	13,904	-	534,390
Legal	114,336	5,756	7,853	-	-	127,945
Office operations	-	23,586	-	-	-	23,586
Resource development	3,758	-	-	-	-	3,758
Option fee	-	-	71,536	-	51,330	122,866
Travel	74,967	9,520	7,757	29	-	92,273
Exploration and evaluation costs	$ 532,749	$ 205,229	$ 110,849	$ 21,774	$ 51,330	$ 921,931
Cumulative exploration and evaluation costs	$ 727,966	$ 205,229	$ 110,849	$ 969,220	$ 51,330	$ 2,064,594

* Includes share-based compensation as reflected below:

	Nine Months ended November 30, 2010					
	Generative	Comita	Mabuhay	Hawkwood	Interceptor	Total
Geological	$ 47,385	$ 139,064	$ -	$ -	$ -	$ 186,449
Total	$ 47,385	$ 139,064	$ -	$ -	$ -	$ 186,449

Comita Porphyry Copper Gold Project, Colombia

On October 12, 2010, the Company announced it had entered into an option agreement (the “Comita Agreement”) with Rio Tinto Mining and Exploration Colombia (“Rio Tinto”), 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. Under the terms of the Comita Agreement, the Company can earn the 60% 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 a 40% interest in the Comita project by incurring US$10.0 ($10.2) million in exploration expenditures as follows:

(i) US$250,000 ($244,600) on or before October 21, 2011 (incurred),

(ii) Thereafter the Company has the option, but not the obligation to incur US$9.75 ($9.90) million over the following four years with minimum annual expenditures of US$250,000 ($254,925). Once the Comita project is removed from the forestry reserve, the minimum annual expenditure increases to US$1.0 ($1.0) million.

Excess expenditure in any given year may be carried forward to the next year, however such carry forward is limited to US$1.0 ($1.0) million at the end of the initial 5 year option. Upon incurring the expenditures set out above, the Company is required to provide Rio Tinto with notice that it has met the requirements to acquire the initial 40% interest in the Comita project following which Rio Tinto has 90 days to elect to resume management of the Comita project. In the event that Rio Tinto elects to resume management of the Comita project, a joint venture will be formed and dilution provisions will apply.

5. Project Evaluation (Continued)

Should Rio Tinto elect not to resume management of the Comita project, the Company will be granted a second option to acquire a further 20% indirect interest in the Comita project 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 the Comita project for a total 60% indirect interest by incurring an additional US$15.0 ($15.3) million in expenditures, with minimum annual expenditures of US$1.0 ($1.0) million on or before October 21, 2018.

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 has paid US$50,000 ($51,070) and will be required to make further staged payments to Pelican and All-Acacia totaling US$850,000 ($866,745) over three years, incur staged expenditures of US$6.5 ($6.6) million over six years, of which approximately $1.6 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 paid Pelican a signature fee of US$20,000 ($20,466). Pelican will be paid a further US$5.0 ($5.1) million if commercial production commences at Mabuhay.

Upon the exercise of the Mabuhay Option, All-Acacia and the Company will form a joint venture with respect to the development of and conduct of mining operations on the property and on each anniversary date thereafter, the Company must pay an additional US$200,000 ($203,940) to All-Acacia towards All-Acacia's pro-rata share of expenditures until commencement of production from the Mabuhay project.

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 A$25,000 ($22,388) to Rowen as a non-refundable deposit and a further A$200,000 ($183,202) to repay a portion of a loan advanced to Sunland by Rowen. In addition, pursuant to the amendment dated December 31, 2009, the Company 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 as follows:

(i) In order to exercise the option to acquire an initial 60% interest in Sunland:
A$300,000 ($295,800) by December 31, 2010 (completed)
A$200,000 ($208,940) by December 31, 2011 (completed)
A$500,000 ($522,350) by December 31, 2013

(ii) In order to exercise the option to acquire an additional 30% interest in Sunland, the Company must incur an additional A$3.0 ($3.1) million in expenditures on the property for a total of A$4.0 ($4.2) million before December 31, 2017 and issue an additional 3 million common shares to Rowen.

5. **Project Evaluation** (Continued)

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

Eastern Iron Joint Venture Agreement

The Company entered into an agreement (the "Eastern Agreement") dated January 13, 2010 between Eastern Iron Limited ("Eastern Iron") and Sunland subsidiary, 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 can earn a 50% interest in the Exploration Area by funding an A$200,000 ($198,160) work program by February 10, 2011 (completed) and thereafter incurring an additional A$500,000 ($522,350) in exploration expenditures by February 10, 2013 (completed) ("Phase One"). Eastern Iron can increase its interest in the Exploration Area to 80% by incurring an additional A$3.6 ($3.8) million in expenditures and completing a bankable feasibility study by February 10, 2018 ("Phase Two").

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

Phase One
(i) A$200,000 ($197,200 minimum commitment by February 10, 2011); (completed)
(ii) A$200,000 ($208,940) by February 10, 2012; (completed) and
(iii) additional A$300,000 ($313,410) by February 10, 2013 (completed),
for total Phase One expenditures of A$700,000 ($719,550).

Phase Two
(i) additional A$300,000 ($313,410) by February 10, 2014
(ii) additional A$300,000 ($313,410) by February 10, 2015
(iii) additional A$1.0 ($1.0) million by February 10, 2016
(iv) additional A$1.0 ($1.0) million by February 10, 2017 and
(v) additional A$1.0 ($1.0) million by February 10, 2018,
for total Phase Two expenditures of A$3.6 ($3.8) million and cumulative expenditures of A$4.3 ($4.5) million.

Interceptor Gold Copper Project, Argentina

On November 23, 2010, the Company entered into an option agreement (the "Interceptor Agreement") with Miranda S.A., an Argentine company ("Miranda") to acquire 100% of the Interceptor Porphyry Gold Copper project in Catamarca Province, Argentina. The Interceptor Agreement, grants the Company a 6 year option to acquire 100% of the Interceptor project upon payment of an initial US$50,000 ($51,330; paid) and thereafter the payment of an annual option fee of US$50,000 ($50,985) for 3 years, followed by payments of US$62,500 ($63,731); US$75,000 ($76,478) and US$87,500 ($89,224) for years 4 to 6. In addition, in order to exercise the option, the parties will negotiate the option exercise price, which will not be less than US$1.0 ($1.0) million and no greater than US$5.0 ($5.1) million. Miranda will also retain a 2% NSR over the properties. If the Company exercises the option to acquire the properties it will be required to pay escalating advance royalty payments until the property is put into production. The Company also has an option to purchase the NSR from Miranda for an amount to be negotiated between the parties. There are no minimum annual expenditure or work commitments.

5. Project Evaluation (Continued)

The Zonda Gold Copper Project, Argentina

On November 28, 2011, the Company announced it had entered into an option agreement with Miranda to acquire 100% of the Zonda gold-copper porphyry project ("Zonda") in the San Juan Province, Argentina. The Agreement ("Zonda Agreement") is subject to TSX-V approval.

The Zonda Agreement, grants the Company a 6 year option to acquire 100% of the Zonda project upon payment of an initial US$40,000 ($40,788) and thereafter the payment of an annual option fee of US$40,000 ($40,788) for 3 years, followed by payments of US$50,000 ($50,985); US$60,000 ($61,182) and US$70,000 ($71,379) for years 4 to 6. Miranda will also retain a 2% NSR over the properties. There are no minimum annual expenditure or work commitments.

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 which has a total area of 555 hectares. The consideration includes payments of US$5,000 ($5,100; paid) within three (3) months of the Rio Chico Agreement date, a payment of US$5,000 ($5,100) within ten (10) days of Rugby initiating its drilling activities at Rio Chico or within sixty (60) days of the approval of the Environmental Impact Report required for drilling, whichever comes first and thereafter annual payments of US$40,000 ($40,788); US$100,000 ($101,970); US$150,000 ($152,955); US$200,000 ($203,940) and US$500,000 ($509,850) for years two to five for 100% interest. There are no minimum annual expenditure or work commitments.

6. Property and Equipment

	Computer Equipment & Software	Website	Leasehold Improvements	Office Equipment & Furniture	Total
Cost					
As at March 1, 2010	$ -	$ -	$ -	$ -	$ -
Additions	10,525	7,260	14,727	4,227	36,738
Balance as at February 28, 2011	$ 10,525	$ 7,260	$ 14,727	$ 4,227	$ 36,738
Depreciation					
As at March 1, 2010	$ -	$ -	$ -	$ -	$ -
Charged for the period	(1,579)	(1,089)	-	(423)	(3,090)
Balance as at February 28, 2011	$ (1,579)	$ (1,089)	$ -	$ (423)	$ (3,090)
Net carrying value					
As at March 1, 2010	$ -	$ -	$ -	$ -	$ -
As at February 28, 2011	$ 8,946	$ 6,171	$ 14,727	$ 3,804	$ 33,648

	Computer Equipment & Software	Website	Leasehold Improvements	Office Equipment & Furniture	Total
Cost					
As at March 1, 2011	$ 10,525	$ 7,260	$ 14,727	$ 4,227	$ 36,739
Additions	10,180	-	740	8,323	19,243
Balance as at November 30, 2011	$ 20,705	$ 7,260	$ 15,467	$ 12,550	$ 55,982
Depreciation					
As at March 1, 2011	$ (1,579)	$ (1,089)	$ -	$ (423)	$ (3,091)
Charged for the period	(3,158)	(1,389)	(2,755)	(1,195)	(8,497)
Balance as at November 30, 2011	$ (4,737)	$ (2,478)	$ (2,755)	$ (1,618)	$ (11,588)
Net carrying value					
As at March 1, 2011	$ 8,946	$ 6,171	$ 14,727	$ 3,804	$ 33,648
As at November 30, 2011	$ 15,968	$ 4,782	$ 12,712	$ 10,932	$ 44,394

7. Share Capital

(a) Authorized and issued

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

The Company has issued common shares as follows:

	November 30, 2011			February 28, 2011		
	Number of Shares		**Amount**	Number of Shares		Amount
Balance, beginning of year	**32,052,500**	**$**	**10,823,456**	20,195,000	$	1,817,110
Issued during the year for:						
Cash – equity financing	**-**		**-**	10,000,000		8,500,000
– options exercised	**-**		**-**	50,000		15,000
– warrants exercised	**2,647,500**		**794,250**	307,500		92,250
Option payment	**-**		**-**	1,500,000		615,000
Contributed surplus allocated	**-**		**-**	-		10,253
Share issue costs	**-**		**-**	-		(226,157)
Balance, end of year/period	**34,700,000**	**$**	**11,617,706**	32,052,500	$	10,823,456

During the nine month period ended November 30, 2011, the Company conducted the following transactions:

a) Issued 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.

During the year ended February 28, 2011, the Company conducted the following transactions:

a) In November 2010, the Company completed a non-brokered private placement consisting of 10,000,000 common shares issued at a price of $0.85 per common share for gross proceeds of $8,500,000. A finder's fee of 5% was paid on certain portions of the offering for a total of $167,750. Costs of $226,157 associated with the placement were charged to share capital.

b) Issued 50,000 common shares pursuant to the exercise of options at a price of $0.30 per share, 307,500 common shares pursuant to the exercise of warrants at a price of $0.30 per share and 1,500,000 shares pursuant to the Hawkwood option agreement with a fair value of $615,000. Contributed surplus allocated to share capital upon the exercise of stock options was $10,253.

(b) Escrow shares

At November 30, 2011, 1,602,500 shares (February 28, 2011 – 4,707,500) issued prior to the qualifying transaction were held in escrow. The shares will be released from escrow as follows:

1,602,500 on March 5, 2012

7. Share Capital (Continued)

(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 shares of the Company's capital stock 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 November 30, 2011, the number of options issuable under the Plan as approved by shareholders 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 may be subject to vesting at times as determined by the directors of the Company and the TSX-V.

A summary of the status of options granted under the Plan at November 30, 2011 and changes during the period is as follows:

	2011	
	Options	Weighted Average Exercise Price
Options outstanding, beginning of year	6,035,000	$ 0.70*
Granted	650,000	0.79
Cancelled	(150,000)	1.15
Options outstanding, end of period	6,535,000	$ 0.70

*Weighted average exercise price has been adjusted for the repricing of 2,075,000 options from $1.81 to $1.15.

The weighted average exercise price of options granted during the period was $0.79.

The following table summarizes information about the stock options outstanding and exercisable at November 30, 2011:

	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	3.53	$ 0.46	3,860,000	3.16	$ 0.43
1.01 - 2.00	2,225,000	4.04	1.17	885,536	4.05	1.18
	6,535,000	3.71	$ 0.70	4,745,536	3.32	$ 0.57

7. Share Capital (Continued)

(d) Share-based payments

The fair value of options granted and repriced during the nine month period ended November 30, 2011, was estimated at the grant date using the Black-Scholes option pricing model, with the following weighted average assumptions:

Expected annual volatility	103%
Risk-free interest rate	2.15-2.41%
Expected life	4.30-5.0 years
Expected dividend yield	0.00%

Share-based compensation recognized over the vesting period on options granted by the Company amounting to $1,905,957 has been allocated to contributed surplus and expenditures as follows:

	Three Months ended November 30		**Nine Months ended November 30**	
	2011	2010	**2011**	2010
Administrative	$ 73,851	$ 33,256	$ 301,884	$ 76,173
Directors' fees	585,335	53,731	1,131,145	165,049
Project evaluation	105,502	148,357	472,928	186,449
Total	**$ 764,688**	$ 235,344	**$ 1,905,957**	$ 427,671

*The Company incurred an additional $122,485 of share-based compensation in relation to the repricing of options during the nine month period ended November 30, 2011.

8. Warrants

During the period ended November 30, 2011, 2,647,500 (November 30, 2010 - 25,000) warrants were exercised for proceeds of $794,250 (November 30, 2010 - $7,500). At November 30, 2011, the Company had no outstanding warrants (February 28, 2011- 2,647,500) to acquire common shares.

9. Contributed Surplus

	November 30, 2011	February 28, 2011
Balance, beginning of year/period	**$ 2,045,567**	$ 196,735
Share-based payments	**1,905,957**	1,859,085
Contributed surplus allocated	**-**	(10,253)
Balance, end of year/period	**$ 3,951,524**	$ 2,045,567

10. Related Party Transactions

Amounts due to related parties of $44,706 at November 30, 2011 (February 28, 2011 - $116,544) 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 have no fixed terms of repayment.

10. Related Party Transactions (Continued)

During the period ended November 30, 2011, related party transactions not otherwise disclosed in these financial statements are as follows:

a) Paid or accrued project evaluation costs of $157,059 (November 30, 2010 - $184,276, which included a bonus of $100,000) to a company controlled by the Chief Executive Officer of the Company. As at November 30, 2011, the Company has amounts owing of $22,634 (February 28, 2011 - $48,760) to this company.

b) Paid or accrued administrative support fees of $210,444 (November 30, 2010 - $45,000) to a company with common directors. As at November 30, 2011, the Company has amounts owing of $22,072 (February 28, 2011- $67,784) to this company.

c) Paid or accrued rent expense of $23,561 (November 30, 2010 - $7,724) to a company controlled by a director of the Company. As of November 30, 2011 the Company has amounts owing of $Nil (February 28, 2011 - $Nil) to this company.

d) Paid or accrued consulting expense of $60,000 (November 30, 2010 - $Nil) to a company controlled by a director of the Company. As of November 30, 2011 the Company has amounts owing of $Nil (February 28, 2011 - $Nil) to this company.

11. Financial Instruments

The Company classifies its cash and accounts receivable as loans and receivables and accounts payable and due to related parties as other financial liabilities.

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

(a) Credit risk

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

(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 required by operations and anticipated investing and financing activities. The Company had cash at November 30, 2011 in the amount of $5,393,777 in order to meet short-term business requirements. At November 30, 2011, the Company had current liabilities of $276,196 which are due on demand or within 30 days.

11. **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 consists of cash held in bank accounts that earn interest at variable interest rates. Cash accounts earn interest based on current market interest rates which at November 30, 2011 were 1.20%. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2011. Future cash flows from interest income on cash affected by interest rate fluctuations are minimal. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity.

ii) Foreign currency risk

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

The Company's cash, other receivables, accounts payable and accrued liabilities are held in several currencies (mainly Canadian Dollars, US Dollars, Australian Dollars, Colombian Pesos, Philippine Pesos and Argentine Pesos) and are therefore subject to fluctuation against the Canadian Dollar.

The Company had the following balances in foreign currency as at November 30, 2011 and February 28, 2011:

	November 30, 2011				
	Argentine Pesos	Philippine Pesos	Colombian Pesos	US Dollars	Australian Dollars
Cash	1,154,594	1,516,250	424,218,993	6,581	-
Prepaid exploration costs	-	380,210	44,268,060	-	-
Accounts payable	(290,459)	(60,600)	(9,124,140)	(91,224)	(77,883)
Net balance	864,135	1,835,860	459,362,913	(84,643)	(77,883)
Equivalent in Canadian Dollars	184,320	42,776	229,681	(86,361)	(81,364)
Rate to convert to $1.00 CDN	0.2133	0.0233	0.0005	1.0203	1.0447

	February 28, 2011			
	Argentine Pesos	Philippine Pesos	US Dollars	Australian Dollars
Cash	328,483	9,700,174	16,818	-
Accounts receivable	7,943	-	-	-
Accounts payable	(161,696)	(178,400)	(47,336)	(50,524)
Net balance	174,730	9,521,774	(30,518)	(50,524)
Equivalent in Canadian Dollars	40,939	213,288	(29,645)	(50,059)
Rate to convert to $1.00 CDN	0.2343	0.0224	0.9714	0.9908

11. **Financial Instruments** (Continued)

Based on the above net exposures as at November 30, 2011, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Argentine peso, Philippine peso, Colombian peso, US dollar and Australian dollar against the Canadian dollar would result in an increase/decrease of $17,912; $4,275; $21,958; $8,636 and $8,136 respectively in the Company's net loss.

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 currency risk. The Company has no financial instruments exposed to such risk.

12. 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. Other financial commitments are summarized in the table below:

		Payments Due by Year		
	Total	2012	2013-2014	2015-2016
Drilling commitment	$ 224,385	$ 224,385	$ -	$ -
Environmental studies	47,926	47,926	-	-
Office lease				
- Canada *	141,495	10,884	87,074	43,537
- Foreign offices	18,958	11,584	7,374	-
Total	**$ 432,764**	**$ 294,779**	**$ 94,448**	**$ 43,537**

*The Company together with two associated companies has entered into a lease for office premises. The amount reflected above is the Company's share of the lease obligation.

13. Segmented Information

The Company operates in one business segment, being the acquisition and exploration of mineral properties. Following is a summary of assets and liabilities by geographic region:

November 30, 2011	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash	$ 4,899,958	$ -	$ 246,275	$ 212,109	$ 35,435	$ 5,393,777
Accounts receivable and prepaids	57,946	-	-	-	-	57,946
Prepaid exploration costs	24,033	-	-	22,134	8,859	55,026
Property and equipment	44,394	-	-	-	-	44,394
	5,026,331	-	246,275	234,243	44,294	5,551,143
Current Liabilities	(208,264)	-	(61,958)	(4,562)	(1,412)	(276,196)
	$ 4,818,067	$ -	$ 184,317	$ 229,681	$ 42,882	$ 5,274,947
Net loss – nine months ended November 30, 2011	$ 2,193,659	$ -	$ 816,606	$ 802,639	$ 1,355,421	$ 5,168,325

February 28, 2011	Canada	Australia	Argentina	Colombia	Philippines	Total
Cash	$ 7,676,719	$ -	$ 76,964	$ -	$ 216,896	$ 7,970,579
Accounts receivable and prepaids	37,223	-	-	-	-	37,223
Prepaid exploration costs	25,109	-	1,861	-	1,117	28,087
Property and equipment	33,648	-	-	-	-	33,648
	7,772,699	-	78,825	-	218,013	8,069,537
Current Liabilities	(255,764)	-	(37,885)	(28,834)	(3,989)	(326,472)
	$ 7,516,935	$ -	$ 40,940	$ (28,834)	$ 214,024	$ 7,743,065
Net loss – nine months ended November 30, 2010	$ 1,347,922	$ -	$ -	$ -	$ -	$ 1,347,922