Management's Discussion and Analysis

for the Year Ended September 30, 2014

January 28, 2015

Management Discussion & Analysis for the Year Ended September 30, 2014

This report provides an analysis of the financial and operating results of Regulus Resources Inc. ("Regulus" or the "Company") for the audited year ended September 30, 2014 and September 30, 2013 and should be read in conjunction with the Consolidated Financial Statements and the related Notes for the years then ended (the "Financial Statements").

This MD&A has been approved by the Board of Directors. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is Canadian dollars.

Information herein is current as of January 28, 2015 unless otherwise noted.

The reader is encouraged to review Company statutory filings on www.sedar.com and to review general information including reports and maps on the Company's website at www.regulusresources.com.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

DESCRIPTION OF BUSINESS AND OVERVIEW

The Company is an exploration stage company engaged principally in the acquisition and exploration of exploration and evaluation assets. The recovery of the Company's investment in its exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral reserves and the ability to raise sufficient capital to finance this operation. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

Regulus is a well-funded mineral exploration company formed in December 2010 in connection with the sale of Antares Minerals Inc. to First Quantum Minerals Ltd. The Antares team responsible for the discovery of the Haquira porphyry copper deposit, that led to the sale of Antares, is seeking to build on that experience and make another major discovery. Regulus was initially established to continue exploration at the 100% held Rio Grande Au-Cu-Mo porphyry project in northern Argentina. During the past year, the Company put the Rio Grande project on "hold" and began pursuing new mineral project opportunities with good potential for significant discoveries.

Below is a summary of the significant developments for the Company in the fiscal year ended September 30, 2014, updated to January 28, 2015.

Merger with Southern Legacy Minerals Inc. ("Southern Legacy")

In September 2014, the Company completed a merger (the "Merger") with Southern Legacy pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Plan of Arrangement"). The Plan of Arrangement provided for an exchange ratio of 0.1883 shares of the resulting amalgamated company ("Amalco") for each share of Southern Legacy and an exchange ratio of 0.3333 of Amalco for each share of Regulus. Amalco retained the name *Regulus Resources Inc*. Upon completion of the Plan of Arrangement, Regulus had approximately 45.3 million shares issued and outstanding, of which approximately 74% of were held by former Regulus shareholders and 26% were held by former Southern Legacy shareholders. All of the outstanding common share purchase options of the former Regulus and Southern Legacy were cancelled as part of the Plan of Arrangement for no consideration.

The primary purpose for the Merger was to acquire the AntaKori Cu-Au-Ag project in northern Peru held by Southern Legacy. As noted below, this project already has an initial NI 43-101 resource outlined of almost 300 million tonnes, with attractive grades of copper and gold. We are confident that further work will expand the current deposit to a size that will be of interest to major mining companies. Southern Legacy also owned an additional property that holds potential value, the Puchuldiza Au project in northern Chile, and it provided the combined company with a solid platform in Peru, including a Peruvian share listing, a strong Peruvian shareholder base and senior management domiciled in Peru with excellent political, legal and social contacts.

Private Placement

In November 2014, the Company completed a non-brokered private placement offering for gross proceeds of approximately $5,000,000 by issuing 11,111,111 units at $0.45. Each unit consisted of one common share of the Company and one half of a common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at $0.70 per share for 3 years.

Options

In December 2014, the Company granted certain directors, officers, consultants and employees incentive stock options to purchase up to 4,577,344 common shares at a price of $0.45 per share for a period of five years pursuant to its Stock Option Plan.

Golden Brew Option Agreement and Private Placement in Highway 50 Gold Corp. ("Highway 50")

In December 2013, the Company announced that it had entered into an option agreement with Highway 50 to earn a 50% interest in the Golden Brew Project in central Nevada by expending US$5.0 million on exploration over a five year period with a minimum US$500,000 firm commitment in the first year.

In conjunction with the Highway 50 agreement, the Company subscribed to a private placement for 2,000,000 units ("Units") in Highway 50 at $0.37 per Unit. Each Unit consisted of one common share and one non-transferable common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.60 for one year. The transaction was considered to be non-arms length under the rules of the TSX Venture Exchange by virtue of the fact that two of the directors of Regulus, John Leask and Gordon Leask, are also directors of Highway 50. This transaction was unanimously approved by the three other Regulus Board members, all of whom are independent of Highway 50, with John Leask and Gordon Leask both abstaining.

Rio Grande Project

The Company suspended drilling activity at the main Rio Grande Project in late 2012 to conserve cash and re-evaluate the exploration strategy in light of challenging market conditions. During the past year a major project data review has been completed, including re-logging of all drill core from the project. This data review has confirmed potential for further exploration at depth. The Company has currently placed the project on hold and will evaluate the best options and timing to recommence exploration in the future. We also took a number of steps to substantially reduce our overall expenditures at both project and corporate levels. At the same time, we began a process of examining new project opportunities, which resulted in the Merger with Southern Legacy.

MINERAL PROPERTY REVIEW

This review has been prepared by John Black, CEO and Director of the Company, and a Qualified Person ("QP") as defined by National Instrument 43-101 (Standards of Disclosure for Mineral Projects). Additionally, Mr. Black has reviewed and approved all other technical information disclosed in this MD&A.

The Company owns, or has the right to acquire controlling interests in, a project located in Peru (the AntaKori Property), a project located in Chile (the Puchuldiza Property), a project located in Argentina (the Rio Grande Property) and a project located in Nevada (the Golden Brew Property). The Company also holds several other early stage prospects in northwestern Argentina and Canada.

AntaKori Overview

The AntaKori project is located in northern Peru and hosts a large telescoped Cu-Au-Ag porphyry system with associated skarn, breccias and porphyry-style mineralization developed in sedimentary and intrusive rocks, and an overprint of epithermal, high-sulphidation mineralization in the overlying volcanic rocks. The project has a preliminary 43-101 inferred resource of 294 million tonnes grading 0.48% Cu and 0.36 g/t Au (see Table 1 below and refer to the Southern Legacy news release of July 3, 2012). The resource is based on only 17,952 m of drilling, is only reported for the portion of the mineralized system that is owned or controlled by the Company, and is open for expansion in several directions.

Table 1. Summary of NI 43-101 compliant resources for the AntaKori, Rio Grande and Pulchuldiza Projects

Resource	Category	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)	Au Eq (M ozs)	Cu Eq (B lbs)
AntaKori Cu-Au-Ag	Inferred	294.70	0.36	0.48	10.16	3.40	3.10	93.30	12.81	5.10
Rio Grande Cu- Au	Indicated	55.30	0.36	0.34	4.38	0.64	0.40	7.80	1.81	0.7 0
	Inferred	101.10	0.31	0.30	4.40	1.00	0.70	14.40	2.93	1.2 0
Puchuldiza Au	Inferred	30.10	0.71			0.69			0.69	
*Au Equivalent and Cu Equivalent values were calculated using the following metal prices: Au = US$1200/oz, Cu = US$3.00/lb, and Ag = US$20/oz.										

The AntaKori Cu-Au-Ag project is located 60 km north of the city of Cajamarca in the Hualgayoc District, northern Peru. The project is located in a world-class Au-Cu province which hosts a number of nearby deposits, as described below.

- Immediately adjacent to the producing Tantahuatay Gold Mine (Buenaventura-Southern Copper)
- 7 km to the NW of the Cerro Corona Gold-Copper Mine (Goldfields)
- 35 km to the NW of the Yanacocha Gold Mine (Newmont-Buenaventura)
- 40 km to the SE of the La Granja Porphyry Copper deposit (Rio Tinto)
- 50 km to the NW of the Michiquillay Porphyry Copper deposit (Peruvian Government)

Highlights of the AntaKori Project include the following:

- The Company owns or controls 20 mineral concessions, totalling 289 hectares, which cover most, but not all of the currently known AntaKori mineralized system. Further consolidation of mineral tenure is in process.
- A total of 17,952 m of drilling has been completed in 70 drill holes (22 RCDH and 48 DDH).
- Several of the more significant drill intercepts reported to date include:
  - SRC-07 106 m with 0.85 g/t Au and 1.42% Cu from surface
  - DDH-37 202.1 m with 1.00 g/t Au and 1.89% Cu
  - DDH-44 103.2 m with 1.03 g/t Au and 1.38% Cu from surface
  - DDH-50 84 m with 1.11 g/t Au and 1.47% Cu
- An Independent 43-101 report has documented a large telescoped Au-Cu porphyry system with associated, mineralized breccias, skarns, and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.
- Zones of mineralization have been intercepted by the previous drilling within large geophysical anomalies, thus confirming the utility of the geophysics used in identifying future exploration targets.
- Indication that the mineralized system is open in all directions, and has potential for expansion through future exploration programs.

The Company is currently establishing a new office and expanded team in Peru to explore the AntaKori project. This project is now the flagship project for Regulus and will be the primary focus of our activities. A project budget for 2015 will be finalized in Q1 2015. The focus of our activity in the upcoming year at the AntaKori project will be as follows: 1) continued consolidation of mineral concessions, 2) formation of Community Relations plan and team, 3) negotiation of surface access agreements for areas of interest, 4) preparation and submission of EIAsd exploration and drilling permit (approximately June, 2015), 5) review of all technical data to establish drilling plan, 6) remediation of some previous mining and exploration sites with community involvement, 7) completion of surface geological mapping and additional geophysical surveys and 8) significant engagement with surrounding communities to plan for upcoming exploration.

We will be submitting a permit application to allow the completion of a major drilling program (approximately 20,000 m of drilling in the first year and considerably more in subsequent years). Approval of this type of permit will likely not be received until early 2016. Accordingly, we do not contemplate drilling activity at the project until Q1 2016. The scope of the mineralized system at AntaKori offers significant upside potential but it will require several years and extensive drilling to fully develop this project.

Puchuldiza Overview

The Puchuldiza Au project is 100% owned by the Company and is located 230 km NW of Iquique in the Comuna de Colchane, Tamarugal Province, Region I, Chile. The Puchuldiza project belongs to a class of gold deposits called “hot spring gold deposits”. An example of this style of deposit is at McLaughlin, CA, USA, where approximately 27 million tonnes of 4.49 g/t gold (3.5

million troy ounces) were mined. A total of 35 diamond drill holes (6,097 m) have been completed at the Puchuldiza project and form the basis for an initial NI 43-101 compliant, inferred resource estimate of 30 Mt @ 0.71 g/t Au (using a cut-off grade of 0.5 g/t Au) for a total of 686,000 contained ounces of Au (see Table 1 and the NI 43-101 Technical Report, Pulchuldiza Project, 1 Region, Chile, dated May 15, 2011 under the Southern Legacy profile at www.sedar.com).

The Company plans initial field review of this project in Q1 2015 with emphasis on determination of potential for a higher grade feeder zone. Drilling to date is quite limited with significant areas yet to be tested. The results of this field review will determine subsequent exploration plans for the year.

Rio Grande Overview

Rio Grande is a large porphyry copper-gold prospect located in Salta Province, northwestern Argentina. Copper-gold mineralization at Rio Grande occurs within the eroded central core of a mid-Miocene intrusive center and is best expressed by a large area (2 km by 2 km) of well-defined, coincident copper-in-soil, gold-in-soil, and induced polarization (IP) chargeability anomalies. Rio Grande has a number of named mineralized zones arranged around a central core as follows: (clockwise): North Zone, Sofia Zone, Discovery Zone, Southwest Zone, and No. 7 Zone. These zones form lenses in an annulus around a suspected deep magmatic source. To the northeast sits the separate and less-explored Cerro Cori Zone (formerly called the Northeast Zone).

The Rio Grande Project is located approximately 55 km southwest of the Taca Taca porphyry copper deposit of Lumina Copper and 11 km northwest of the Lindero gold deposit of Goldrock Mines (formerly Mansfield Minerals) in Salta Province, northwestern Argentina.

On December 6, 2011, Regulus announced the results of an initial 43-10 resource estimate for the Rio Grande project (see Table 2 below) as prepared by Wardrop Engineering Inc. (a Tetra Tech Company). The estimate was calculated using a 0.4% Cu equivalent cut-off and is based on drilling on the project through to the end of 2008 including a total of 78 drill holes (33,015 m) and 11,294 metres of surface trenches. ***None of the drill results from 2011, 2012 or 2013 are included in this resource estimate.*** A copy of the resource estimate report was filed on the Company's SEDAR profile on January 19, 2012.

Table 2. Summary of Rio Grande resource estimate.

Rio Grande Resource Highlights									
Resource Class	**Cut-off (% Cu Eq)***	**Tonnes**	**Cu Grade (%)**	**Au Grade (g/t)**	**Ag Grade (g/t)**	**lbs Cu ('000s)**	**Oz Au**	**Oz Ag**	**Cu Eq Grade (%)**
Indicated	0.4	55,257,862	0.342	0.359	4.38	416,240	637,025	7,787,342	0.576
Inferred	0.4	101,088,174	0.303	0.308	4.45	674,405	1,002,458	14,449,042	0.511
*Copper equivalent calculation uses $1,100/Oz Au, $3/lb Cu and $20/Oz Ag and is not adjusted for metallurgical recoveries as these remain uncertain. The formula to calculate Cu equivalent is Cu Eq = (Cu x 1) + (Au x 0.5437) + (Ag x 0.0097).									

To date, a total of 120 holes (68,218 m) have been drilled at Rio Grande. A re-evaluation of all previous drilling on the Rio Grande Project has been recently completed to provide a better understanding of this large copper-gold-molybdenum system and define additional targets. This low-cost work will enable us to determine the best pathway forward for the Rio Grande project. The Company has currently placed the Rio Grande project on hold and will evaluate the best options and timing to recommence exploration in the future.

As outlined above, the Company has shifted the principal focus of our activities to the new flagship AntaKori project in Peru and temporarily suspended significant exploration activity at the Rio Grande project. Based on the above factors, management completed a review for potential impairment considerations for the Rio Grande project. Upon completion of this review, management felt that to best comply with impairment guidelines the Company should write-off the full carrying amount for the Rio Grande. The impairment loss associated with this write-off is reflected in the Financial Statements but it should be noted that the Company continues to hold a 100% ownership interest in the project and believes there is significant exploration potential remaining as well as potential value in the currently defined resource. The Company will continue to evaluate options and timing to recommence exploration at the Rio Grande project in the future.

Golden Brew Overview

The Company has an option agreement with Highway 50 to earn a 50% interest in the Golden Brew Project in central Nevada by expending US$5.0 million on exploration over a five year period with a minimum US$500,000 firm commitment in the first year. The project offers potential for the discovery of a new Carlin style gold deposit beneath post-mineral gravel cover.

Golden Brew is located at the intersection of the southern flank of the Eastgate volcanic trough and the Western Nevada rift in north-central Nevada. Gold mineralization at Golden Brew is hosted within jasperoid and silicified breccias over a strike length of 2,500 feet and widths up to 200 feet. The jasperoid is developed in thin-bedded limestones and limey siltstones and is anomalous in Carlin-type pathfinder elements of arsenic, antimony and mercury with gold values ranging from 0.1 grams/tonne to 4 grams/tonne. The priority target on the property is the edges of a structural horst block located one mile outboard of the jasperoid outcrop under shallow to moderate thicknesses of pediment cover. Drilling in 2011 intersected a 150 foot section of elevated arsenic and antimony at the south-east corner of the horst block within the favourable carbonate section. The horst block is coincident with the projected intersection of a set of crustal scale structures and a strong magnetic low. This magnetic low may reflect magnetic destruction of alteration related to the mineralizing system. Follow-up drilling will focus on the northeastern and southeastern structural corners of the horst block, areas of gravity lows within the gravity high. Gravity lows in this setting may be a function of alteration (decalcification) related to Carlin-type gold mineralization. The targeted areas straddle the boundary between lands administered by the Bureau of Land Management (BLM) and the US Forest Service. Drill permitting is in place for the BLM portion of the property and permitting is well advanced for the U.S. Forest Service lands. The drilling program is anticipated to comprise eight to ten holes for a total of 16,000 feet and a cost of approximately US$400,000. We currently anticipate that this drilling program will commence in Q2 2015 upon receipt of permits for the targets on U.S. Forest Service land.

Other Projects Overview

In addition to the four principal projects described above, the Company holds 5 early stage exploration projects in Argentina and one early stage project in British Columbia that is currently optioned to Shamrock Enterprises Inc. Details of these projects can be found on the Company's website. There has been no work completed on any of these projects in the past year. We currently plan field reviews of most of the Argentine projects in the first half of 2015 to determine if the projects warrant further work by the Company or if they have potential to be offered to other companies.

OPERATIONS AND FINANCIAL CONDITION

Selected Annual Information

The following selected annual financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with Canadian IFRS guidelines.

All in 1,000's except Loss per Share and # of Shares	**2014**	**2013**	**2012**
Working capital	$ 7,443,817	$ 13,240	$ 16,462
General & administration expenses	1,724	3,143	2,967
Net loss	46,290	1,979	2,948
Loss per share	1.39	0.02	0.05
Loss per share (fully diluted)	1.39	0.02	0.05
Total assets	21,185	64,240	67,986
Exploration and evaluation assets	10,991	50,587	50,482
Other non-current assets	792	69	95
Total long term liabilities	1,068	375	1,092
Share capital:(1)(2)	74,027	68,297	68,297
Number of Shares:(1)(2)	45,279,466	99,881,603	99,881,603
Retained deficit	52,592	6,302	4,323

(1) The Company has only one kind and class of shares issued and outstanding, being common shares.
(2) No dividends were paid during the years reported above.

Results of Operations – For the Year Ended September 30, 2014 Compared to the Year Ended September 30, 2013

Loss from operating activities

During the year ended September 30, 2014, loss from operating activities increased by $44,310,799 to $46,289,576 compared to $1,978,777 for the year ended September 30, 2013. The increase in loss from operating activities is largely due to the write-off of the Rio Grande property which added $45,455,158 to the loss for the year ended September 30, 2014. Other significant variances from the prior year are as follows:

- A decrease of $803,684 in share-based compensation. Share-based compensation was $662,898 for the year ended September 30, 2014 compared to $1,466,582 for the year ended September 30, 2013. The decrease resulted from the final vesting of options granted in prior years occurring in the current year.

- A decrease of $32,823 in interest expense. Interest expense was $38,154 for the year ended September 30, 2014 compared to $70,977 for the year ended September 30, 2013. As at September 30, 2014 the Company's estimate for decommissioning liability was increased to $1,534,171 from $374,768 at September 30, 2013 as a result of the acquisition of Southern Legacy. However, none of the decommissioning liability recorded for Southern Legacy properties was included in interest expense as the acquisition occurred at September 30, 2014.

- A decrease of $294,877 in wages and benefits. Wages and benefits were $66,814 for the year ended September 30, 2014 compared to $361,691 for the year ended September 30, 2013. The decrease is due to the termination of the Company's Chief Operating Officer in the prior year as well as the reduced cost of wages in Argentina caused by the declining value of the Argentine peso.

- An increase of $27,108 in management fees. Management fees were $116,214 for the year ended September 30, 2014 compared to $89,106 for the year ended September 30, 2013. The increase resulted from increased management activity related to the acquisition of Southern Legacy and negotiating an interest in the Golden Brew property.

- A decrease of $39,133 in legal. Legal was $38,863 for the year ended September 30, 2014 compared to $77,996 for the year ended September 30, 2013. The decrease resulted from the fact that a significant portion of the legal activity in the year ended September 30, 2014 related to the acquisition of Southern Legacy, costs of which were capitalized under exploration and evaluation assets.

- An increase of $441,885 in gain on disposal of marketable securities. Gain on disposal of marketable securities was $398,064 in the year ended September 30, 2014 compared to a loss of $43,821 in the year ended September 30, 2013.

- A decrease of $28,896 in finance income. Finance income was $140,371 in the year ended September 30, 2014 compared to $169,267 in the year ended September 30, 2013. Decrease was the result of a reduced cash balance during the current year.

The net loss for the year ended September 30, 2014 was $46,289,576 or $1.39 per basic and diluted share compared to net loss of $1,978,777 or $0.06 per basic and diluted share for the year ended September 30, 2013.

Cash Flow

Operating Activities

Cash used in operating activities was $301,255 for the year ended September 30, 2014 compared to $1,434,312 for the year ended September 30, 2013. The decrease in cash used in operations results primarily from the increase in accounts payable and accrued liabilities and the setting up of a current decommissioning liability offset by the gain on disposal of marketable securities.

Investing Activities

Cash used in investing activities was $2,461,020 for the year ended September 30, 2014 compared to $3,865,677 for the year ended September 30, 2013. The decrease in cash used in investing activities resulted primarily from the disposal of marketable securities of $2,948,796 compared to $1,215,657 in the period ending September 30, 2013 and a decrease in acquisition of exploration and evaluation assets which was $233,514 in the year ended September 30, 2014 compared to $3,668,788 in the year ended September 30, 2013.

Summary of Quarterly Results

The following is a summary of certain selected unaudited financial information for the most recent eight fiscal quarters comprising the Company's preceding two fiscal years.

Unaudited Fiscal Quarter of the Fiscal Year ended September 30, 2014

All in $1,000's except Loss per Share		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Working capital	$	13,097	$	12,362	$	11,354	$	7,443
Loss	$	206	$	28	$	281	$	45,775
Loss per share	$	0.01	$	0.00	$	0.01	$	1.37
Loss per share (fully diluted)	$	0.01	$	0.00	$	0.01	$	1.37
Total assets	$	62,425	$	59,647	$	58,642	$	21,185
Total liabilities	$	565	$	443	$	424	$	3,027
Deficit	$	6,508	$	6,536	$	6,817	$	52,592

Unaudited Fiscal Quarters of the Fiscal Year ended September 30, 2013

All in $1,000's except loss per share		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Working capital	$	15,582	$	14,903	$	13,685	$	13,240
Loss (income)	$	605	$	675	$	726	$	(27)
Loss (income) per share	$	0.02	$	0.02	$	0.02	$	(0.00)
Loss (income) per share fully diluted	$	0.02	$	0.02	$	0.02	$	(0.00)
Total assets	$	67,418	$	67,136	$	66,547	$	64,240
Total liabilities	$	1,437	$	1,226	$	1,121	$	719
Deficit	$	4,928	$	5,603	$	6,329	$	6,302

Results of Operations – For the Three Months Ended September 30, 2014 Compared to the Three Months Ended September 30, 2013

During the three months ended September 30, 2014, loss from operating activities was $45,774,258 compared to net earnings of $27,273 for the three months ended September 30, 2013. In addition to the significant effect on the loss caused by the writing off of the Rio Grande property referred to earlier, the increase in loss from operating activities is also due to:

- An increase of $25,091 in accounting and audit for the three months ended September 30, 2014 compared to $5,799 for the three months ended September 30, 2013. During the three months ended September 30, 2014, the Company incurred higher costs relating to tax preparation services by the auditors.

- An increase of $36,265 in investor relations and shareholder information for the three months ended September 30, 2014 compared to $4,643 for the three months ended September 30, 2013.

- An increase of $38,901 in management fees for the three months ended September 30, 2014 compared to $11,793 for the three months ended September 30, 2013, reflecting the Company's increased activities and the acquisition of Southern Legacy.

- An increase of $27,405 in finance income for the three months ended September 30, 2014 compared to $39,860 for the three months ended September 30, 2013.

The net loss for the three months ended September 30, 2014 was $45,774,258 or $1.37 per basic and diluted share compared to net earnings of $27,273 or $0.00 per basic and diluted share for the three months ended September 30, 2013.

Cash Flow

Operating Activities

Cash provided by operating activities was $404,972 for the three months ended September 30, 2014 compared to cash used of $14,809 for the three months ended September 30, 2013. The increase in cash provided resulted primarily from increase in accounts payable and accrued liabilities

Financing Activities

The Company did not have any financing activities in the three months ended September 30, 2014 and 2013.

Investing Activities

Cash used in investing activities was $2,317,210 for the three months ended September 30, 2014 compared to $267,686 for the three months ended September 30, 2013. During the three months ended September 30, 2014, the Company focused on the completion of the Southern Legacy acquisition.

The Company's activities are now focused on developing its new assets in Peru and Chile. The breakdown of material field operations components of exploration and evaluation of assets as at September 30, 2014 and September 30, 2013 are as follows:

	Rio Grande, Argentina	Other	Golden Brew, Nevada USA	AntaKori, Peru	Puchuldiza, Chile	Total
Balance, September 30, 2012	$ 49,936,502	$ 545,898	$ -	$ -	$ -	$ 50,482,400
Additions:						
Assays	207,344	-	-	-	-	207,344
Administrative services	373,577	-	-	-	-	373,577
Field operations	310,914	-	-	-	-	310,914
Labour	1,287,053	2,386	-	-	-	1,289,439
Geophysics	3,500	-	-	-	-	3,500
Roads and trenches	(314,205)	(160,627)	-	-	-	(474,832)
Taxes and licences	1,448	24,140	-	-	-	25,588
Drilling	1,435,954	-	-	-	-	1,435,954
Third party services	497,304	-	-	-	-	497,304
	3,802,889	(134,101)	-	-	-	3,668,788
Foreign Exchange Movement	$ (3,495,926)	$ (68,264)	$ -	$ -	$ -	$ (3,564,190)
Balance, September 30, 2013	$ 50,243,465	$ 343,533	$ -	$ -	$ -	$ 50,586,998
Additions:						
Acquisitions	-	-	-	9,253,405	1,394,466	10,647,871
Administrative services	35,614	1,199	8,238	-	-	45,051
Field operations	24,175	-	2,907	-	-	27,082
Labour	540,433	6,222	34,050	-	-	580,705
Roads and trenches	(189,697)	-	-	-	-	(189,697)
Taxes and licences	1,313	16,850	-	-	-	18,163
Third party services	17,257	-	-	-	-	17,257
Property payments	-	-	48,346	-	-	48,346
	429,095	24,271	93,541	9,253,405	1,394,466	11,194,778
Foreign exchange movement	(5,217,402)	(118,552)	-	-	-	(5,335,954)
Write-off of exploration and evaluation asset	(45,455,158)	-	-	-	-	(45,455,158)
Balance, September 30, 2014	$ -	$ 249,252	$ 93,541	$ 9,253,405	1,394,466	$ 10,990,664

Liquidity and Capital Resources

Cash and cash equivalents at September 30, 2014 totaled $9,238,633 compared to $12,640,766 at September 30, 2013. Working capital at September 30, 2014 was $7,443,817 compared to $13,240,076 as at September 30, 2013. Exploration and evaluation assets at September 30, 2014; in Argentina, Peru, Chile and the U.S., totaled $10,990,664 compared to $50,586,998 at September 30, 2013. Cash used in investing activities during the year ended September 30, 2014 was $2,461,020 in comparison to $3,865,677 in 2013. The Company has sufficient working capital to continue the exploration and development at the Company's AntaKori project and its various other projects.

The Company's authorized capital consists of an unlimited number of common shares without par value.

As at September 30, 2014, the Company had 45,279,466 issued and outstanding common shares (September 30, 2013 – 65,457,381). As at January 28, 2015, the Company had 56,390,583 issued and outstanding common shares.

During the year ended September 30, 2014, the following stock options were cancelled: 150,000 at $0.95, 500,000 at $1.00, 2,490,000 at $1.07, 12,000 at $1.19, 20,000 at $1.24 and 4,420,000 at $1.00, with expiry dates ranging from January 31, 2016 to May 18, 2017. As at September 30, 2014, the Company had nil stock options outstanding. Subsequent to September 30, 2014, 4,577,344 stock options were granted at a price of $0.45 per share all expiring December 17, 2019. If exercised, the remaining 4,577,344 stock options would increase the Company's available cash by $2,059,800.

During the year ended September 30, 2014, there were no warrants issued or exercised and 11,597,119 warrants and 864,612 compensation warrants expired. At September 30, 2014, there were no warrants outstanding.

Subsequent to the year ended September 30, 2014, 11,111,111 units (each a "Unit") were issued at a purchase price of $0.45 per Unit pursuant to a non-brokered private placement financing for cash proceeds of $5,000,000. Each Unit consists of one common share of the Company and one half of a common share purchase warrant (each full warrant a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.70 per share. 5,405,555 of the Warrants are exercisable until November 3, 2017 and 150,000 of the Warrants are exercisable until November 6, 2017. If exercised, the 5,555,555 warrants would increase the Company's available cash by $3,783,888.

The Company's financial success will be dependent upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations.

Related Party Transactions

During the year ended September 30, 2014, the Company entered into the following transactions with key management personnel:

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director to the Company. For the year ended September 30, 2014, DBD Resources was paid $54,162 (year ended September 30, 2013 - $92,822). Amounts paid to DBD Resources are classified as management fees in the consolidated statements of operations and comprehensive loss.

   At September 30, 2014, the Company owed $Nil (September 30, 2013 - $Nil) to DBD Resources.

b) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director to the Company. For the year ended September 30, 2014, Unicus was paid $48,510 (year ended September 30, 2013 – $88,935). Amounts paid to Unicus are classified as management fees in the consolidated statements of operations and comprehensive loss.

   At September 30, 2014, the Company owed $Nil (September 30, 2013 - $Nil) to Unicus.

c) For the year ended September 30, 2014, Mr. Wayne Hewgill, former COO and a former director to the Company, was paid $Nil (year ended September 30, 2013 – $119,172 and an additional $164,897 paid for termination of a consulting services agreement). Amounts paid to Mr. Hewgill are classified as management fees in the consolidated statements of operations and comprehensive loss.

At September 30, 2014, the Company owed $Nil (September 30, 2013 - $76,238) to Mr. Hewgill.

d) The Rock Doctor ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, CGO and a former director to the Company. For the year ended September 30, 2014, Rock Doctor was paid $81,591 (year ended September 30, 2013 – $197,715). Amounts paid to Rock Doctor are included in the consolidated statements of financial position in exploration and evaluation assets (2014 - $40,200; 2013 - $163,777) or are classified as consulting fees (2014 - $41,391; 2013 - $33,938) in the consolidated statements of operations and comprehensive loss.

At September 30, 2014, the Company owed $43,786 (September 30, 2013 - $9,839) to Rock Doctor.

e) For the year ended September 30, 2014, Mr. Javier Robeto, former Vice President, Exploration to the Company, was paid $68,245 (year ended September 30, 2013 – $80,938). Amounts paid to Mr. Robeto are included in the consolidated statements of financial position in exploration and evaluation assets.

At September 30, 2014, the Company owed $Nil (September 30, 2013 - $Nil) to Mr. Robeto.

e) For the year ended September 30, 2014, Mr. Javier Robeto, former Vice President, Exploration to the Company, was paid $68,245 (year ended September 30, 2013 – $80,938). Amounts paid to Mr. Robeto are included in the consolidated statements of financial position in exploration and evaluation assets.

At September 30, 2014, the Company owed $Nil (September 30, 2013 - $Nil) to Mr. Robeto.

f) Mr. Fernando Pickmann is President and a director to the Company.At September 30, 2014, the Company owed $99,252 (September 30, 2013 - $Nil) to Mr. Pickmann.

During the year ended September 30, 2014, the Company entered into the following transactions with related parties:

a) The Company acquired 2,000,000 units with a fair value at September 30, 2014 of $720,000, in Highway 50, a corporation which has two directors who are also directors of the Company (Note 9).

b) The Company is involved in an arbitration process to settle a dispute between Southern Legacy and a former officer who is claiming an amount of US$200,000 for lost consulting fees. The Company believes the claim has no merit and is actively disputing the claim. The Company has not accrued for this amount.

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The remuneration of directors and other members of key management personnel during the year ended September 30, 2014 and September 30, 2013 are as follows:

	Salaries	Other Payments	Share-based Benefits	Total
September 30, 2014				
Chief Executive Officer	$ -	$ 54,162	$ 114,213	$ 168,375
Chief Financial Officer	-	48,510	114,213	162,723
Chief Geological Officer	-	81,591	114,213	195,804
Non-executive directors	-	-	252,900	252,900
Former VP, Exploration	-	68,245	65,264	133,509
Former Chief Operating Officer	-	-	(58,272)	(58,272)
	$ -	$ 252,508	$ 602,531	$ 855,039
September 30, 2013				
Chief Executive Officer	$ -	$ 92,822	$ 202,470	$ 295,292
Chief Financial Officer	-	88,935	202,470	291,405
Chief Geological Officer	-	197,715	202,470	400,185
Non-executive directors	-	-	433,253	433,253
Former VP, Exploration	-	80,938	115,920	196,858
Former Chief Operating Officer	119,172	164,897*	145,301	429,370
	$ 119,172	$ 625,307	$ 1,301,884	$ 2,046,363

*Termination of services agreement

Amounts due to related parties have no specific terms of repayment, are unsecured, and have no interest rate.

Investor Relations

Investor relations activities are performed by directors and officers of the Company.

Financial and Capital Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities and due to related parties approximate carrying value, which is the amount payable on the consolidated statements of financial position. The Company's other financial instruments, cash and cash equivalents, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large Canadian and Argentinean financial institutions in interest bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of tax credits due from the governments of Canada, Peru, Chile and Argentina. As such, the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Company had a cash balance of $9,238,633 to settle current liabilities of $1,959,010. Management believes that it has sufficient funds to meet its current liabilities as they become due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances. The interest earned on its accounts approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in the U.S. dollar, the Argentine peso, the Chilean peso and the Peruvian neuvo sol. A 10% fluctuation in the U.S. dollar, Argentine peso, Chilean peso and Peruvian neuvo sol against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $234,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds. A 10% fluctuation in market prices would affect comprehensive income (loss) by $74,400.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its exploration and evaluation assets, acquire additional exploration and evaluation assets, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

New standards, amendments and interpretations not yet effective

Effective June 1, 2013, the following standards were adopted but have had no material impact on the financial statements.

- IAS 1 (Amendment): This standard is amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.
- IFRS 7 (Amendment): This standard is amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities.
- IFRS 10: New standard to establish principles for the presentation and preparation of consolidated financial statements, effective for annual periods beginning on or after January 1, 2013.

- IFRS 11: New standard to account for the rights and obligations in accordance with a joint agreement, effective for annual periods beginning on or after January 1, 2013.
- IFRS 12: New standard for the disclosure of interest in other entities not within the scope of IFRS 9 / IAS 39, effective for annual periods on or after January 1, 2013.
- IFRS 13: New standard on the measurement and disclosure of fair value, effective for annual periods beginning on or after January 1, 2013.
- IAS 27 (Amendment): As a result of the issue of IFRS 10, IFRS 11 and IFRS 12. IAS 27 deals solely with separate financial statements, effective for annual periods beginning on or after January 1, 2013.
- IAS 28 (Amendment): New standard issued that supersedes IAS 28 (2003) to prescribe the application of the equity method to investments in associates and joint ventures, effective for annual periods beginning on or after January 1, 2013.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014.
- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

Forward Looking Statements

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the volatility of the Company’s common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com).