(the "Company")

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Regulus Resources Inc.

We have audited the accompanying consolidated financial statements of Regulus Resources Inc., which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of operations and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Regulus Resources Inc. as at September 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

January 23, 2019

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars
As at

	September 30, 2018	September 30, 2017
ASSETS		
Current		
Cash (Note 4)	$ 19,678,786	$ 6,815,719
Receivables (Note 5)	597,686	59,094
Prepaid expenses and deposits (Note 6)	560,403	47,325
	20,836,875	6,922,138
Assets held for distribution to shareholders (Note 19)	2,564,846	-
	23,401,721	6,922,138
Long-term investment (Note 9)	890,000	850,000
Property and equipment (Note 7)	338,675	154,864
Exploration and evaluation assets (Note 8)	33,640,074	23,664,855
	$ 58,270,470	$ 31,591,857
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 2,282,842	$ 2,289,877
Due to related parties (Note 13)	272,552	28,133
Loans payable (Note 13)	894,956	-
	3,450,350	2,318,010
Liabilities held for distribution to shareholders (Note 19)	411,735	-
	3,862,085	2,318,010
Decommissioning liability (Notes 11, 19)	-	356,356
	3,862,085	2,674,366
Equity		
Capital stock (Note 12)	122,323,481	92,896,977
Accumulated other comprehensive loss	(5,393,485)	(6,708,360)
Share compensation reserve (Note 12)	7,750,542	8,394,225
Deficit	(70,272,153)	(65,665,351)
	54,408,385	28,917,491
	$ 58,270,470	$ 31,591,857

Nature and continuance of operations (Note 1)
Commitments (Note 17)
Subsequent events (Note 20)

Approved by the Board:

Director:

"John Black"

John Black

Director and Chief Financial Officer:

"Mark Wayne"

Mark Wayne

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

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Expressed in Canadian Dollars

		Year ended September 30, 2018		Year ended September 30, 2017
EXPENSES				
Accounting and audit	$	247,266	$	289,163
Amortization (Note 7)		38,536		30,730
Bank charges and interest		41,678		35,188
Consulting fees		200,091		83,826
Fees and taxes		70,163		(16,301)
Insurance		46,370		66,951
Interest expense		55,205		39,636
Investor relations and shareholder information		203,112		62,677
Legal (Note 13)		387,548		239,049
Management fees (Note 13)		822,154		678,050
Office and administration		523,891		357,792
Rent		155,331		97,761
Share-based compensation (Note 12, 13)		287,050		1,729,092
Telephone		22,357		20,698
Transfer agent and listing fees		134,284		50,989
Travel		83,921		78,549
Wages and benefits		61,528		1,850
		(3,380,485)		(3,845,700)
OTHER ITEMS				
Gain (loss) on foreign exchange		(7,094)		568,756
Impact of hyperinflation (Note 3)		50,367		-
Write-off of prepaid expenses (recovery) (Note 6)		119,215		(89,277)
Write-off of receivables (Note 5)		(1,427,016)		(507,510)
Recovery of taxes		-		288,959
Interest income		38,211		92,257
LOSS FOR THE YEAR		(4,606,802)		(3,492,515)
Items that may be reclassified subsequently to profit and loss:				
Change in fair market value of long-term investment		40,000		479,000
Items that will not be reclassified subsequently to profit and loss:				
Opening hyperinflation adjustment (Note 3)		(256,580)		-
Translation adjustment		1,531,455		(1,046,227)
Comprehensive loss for the year	$	(3,291,927)	$	(4,059,742)
Loss per common share – basic and diluted	$	(0.06)	$	(0.05)
Weighted average number of common shares outstanding		**74,928,131**		**68,623,549**

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

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF EQUITY
Expressed in Canadian Dollars
For the Years Ended September 30

	Number of Shares	Capital Stock	Accumulated Other Comprehensive Loss	Share Compensation Reserve	Deficit	Total
Balance, September 30, 2016	68,368,083	$ 92,469,042	$ (6,141,133)	$ 6,721,383	$ (62,172,836)	$ 30,876,456
Shares issued on exercise of options	225,000	157,500	-	(56,250)	-	101,250
Shares issued on exercise of warrants	295,584	270,435	-	-	-	270,435
Share issuance costs	-	-	-	-	-	-
Share-based compensation	-	-	-	1,729,092	-	1,729,092
Fair value adjustment to long-term investment	-	-	479,000	-	-	479,000
Foreign exchange adjustment	-	-	(1,046,227)	-	-	(1,046,227)
Loss for the year	-	-	-	-	(3,492,515)	(3,492,515)
Balance, September 30, 2017	68,888,667	$ 92,896,977	$ (6,708,360)	$ 8,394,225	$ (65,665,351)	$ 28,917,491
Shares issued for private placement	10,852,039	20,596,374	-	-	-	20,596,374
Share issuance costs	-	(582,298)	-	133,937	-	(448,361)
Shares issued on exercise of warrants	7,023,754	6,440,508	-	-	-	6,440,508
Shares issued on exercise of options	4,238,334	2,971,920	-	(1,064,670)	-	1,907,250
Share-based compensation	-	-	-	287,050	-	287,050
Fair value adjustment to long-term investment	-	-	40,000	-	-	40,000
Foreign exchange adjustment	-	-	1,531,455	-	-	1,531,455
Opening hyperinflation adjustment			(256,580)	-	-	(256,580)
Loss for the year	-	-	-	-	(4,606,802)	(4,606,802)
Balance, September 30, 2018	91,002,794	$ 122,323,481	$ (5,393,485)	$ 7,750,542	$ (70,272,153)	$ 54,408,385

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

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in Canadian Dollars
For the Years Ended September 30

	2018	2017
Cash Flows from Operating Activities		
Net loss for the year	$ (4,606,802)	$ (3,492,515)
Items not affecting cash:		
Amortization	38,536	30,730
Interest expense	55,205	39,636
Share-based compensation	287,050	1,729,092
Write-off of prepaid expenses (recovery)	(119,215)	89,277
Write-off of receivables	1,427,016	507,510
Impact of hyperinflation	(50,367)	-
Changes in non-cash working capital items:		
Cash held for distribution to shareholders	(61,167)	-
Receivables	(1,517,559)	(546,791)
Prepaid expenses and deposits	(448,851)	(98,712)
Accounts payable and accrued liabilities	338,266	(487,458)
Due to related parties	235,419	(426,059)
Net cash used in operating activities	(4,422,469)	(2,655,290)
Cash Flows from Financing Activities		
Proceeds from private placement	19,902,063	-
Share issuance costs	(448,361)	-
Proceeds from exercise of stock options	1,907,250	101,250
Proceeds from exercise of warrants	6,440,508	270,435
Proceeds from loans payable	1,625,777	-
Repayment of loans payable	(65,655)	-
		-
Net cash provided by financing activities	29,361,582	371,685
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(219,054)	(128,470)
Exploration and evaluation assets and decommissioning liability	(11,713,958)	(4,750,749)
Net cash used in investing activities	(11,933,012)	(4,879,219)
Effect of foreign exchange on cash	(143,034)	(447,431)
Change in cash for the year	12,863,067	(7,610,255)
Cash, beginning of year	6,815,719	14,425,974
Cash, end of year	$ 19,678,786	$ 6,815,719

Supplemental disclosures with respect to cash flows (Note 14)

1. NATURE AND CONTINUANCE OF OPERATIONS

Regulus Resources Inc. ("Regulus" or the "Company") is a mineral exploration company formed on December 16, 2010, with a portfolio of properties located in Peru, Argentina, Chile, the USA, and Canada.

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

The Company is domiciled and incorporated in Canada, and its registered and records office is located at 15th Floor, Bankers Court, 850 - 2nd St SW Calgary, Alberta T2P 0R8.

As at September 30, 2018, the Company had working capital of $17,386,525. Management recently completed a private placement financing in the Company to provide it with sufficient capital for the next 12 months or longer. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable.

On November 2, 2018, the Company closed the spin-out of its Argentinian subsidiaries into Aldebaran Resources Inc. (Note 20).

These consolidated financial statements were authorized by the audit committee and by the board of directors of the Company on January 22, 2019.

2. BASIS OF PREPARATION

These consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The accounting policies set out in Note 3 have been applied consistently to all periods presented in these consolidated financial statements.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in consolidated financial statements:

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. The functional currency of each entity is disclosed below under "Foreign Exchange".

2. BASIS OF PREPARATION (cont'd…)

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations. Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, and consideration of whether the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Assets held for distribution to shareholders

Management used judgment in determining that the subsequently spun-out Argentinian subsidiaries constituted a disposal group as defined by IFRS 5 and that the measurement, presentation, and disclosure criteria of that standard would be applied.

Hyperinflation in Argentina

IAS 29 does not establish an absolute rate at which hyperinflation is deemed to arise, however it does provide characteristics of an economic environment of a country which indicate hyperinflation. Management applied judgement in determining that there were sufficient characteristics in Argentina to consider its economy hyperinflationary during the period presented.

<u>Estimates</u>

Significant estimates, made by management, about the future and other sources of estimation uncertainty at the end of the reporting period that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made relate to, but are not limited to, the following:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or disposition of the mineral properties. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could affect management's assessment of the overall viability of its properties or to the likelihood of generating future cash flows necessary to recover the carrying value of the Company's exploration and evaluation assets.

To the extent that any of management's assumptions change there could be a significant effect on the Company's future financial position, operating results and cash flows.

Fair value of stock options and warrants

Determining the fair value of warrants and stock options requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant effect on the Company's future operating results or on other components of shareholders' equity.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development or commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets and deferred income tax provisions or recoveries could be affected.

2. BASIS OF PREPARATION (cont'd…)

Decommissioning costs

Upon retirement of the Company's exploration and evaluation assets, decommissioning costs will be incurred by the Company. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the corresponding expense are affected by estimates with respect to the costs and timing of decommissioning.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 13). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: the Canadian dollar (the Company), the Argentine peso ("A-Peso") (Regulus Argentina S.A. and Minera El Toro S.A.), and the United States dollar ("U.S.$") (Pachamama (Bermuda) Ltd, Argex Mining Samenta Ltd and Argex Cerro Gordo Ltd., Southern Legacy Minerals Inc., Southern Legacy Peru S.A.C., KoriAnta S.A.C., Anta Norte S.A.C., Maria Eugenia 2 Mina Volare de Cajamarca S.A.C., SMRL El Sinchao de Cajamara, Rita Margot de Cajamara S.A.C., Minas del Sinchao S.A., and Minera Southern Legacy Chile Limitada).

The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the entities' functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities of an entity that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the consolidated statements of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statement of operations and comprehensive loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the consolidated statement of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment the amount of the loss is removed from equity and recognized in the consolidated statement of operations and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statement of operations and comprehensive loss.

Other financial liabilities - This category includes amounts due to related parties and accounts payables and accrued liabilities which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's long-term investments are classified as available-for-sale. The Company's accounts payable and accrued liabilities, due to related parties, and loans payable are classified as other financial liabilities.

Exploration and evaluation assets

Costs related to pre-exploration are expensed as incurred while costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Each of the Company's exploration and evaluation assets is considered to be a cash generating unit. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, the property is abandoned or management deems there to be an impairment in value the property is written down to its net realizable value.

Any option payments or royalties received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

Cash

Cash is comprised of cash on deposit.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but not to an amount that would exceed the original carrying amount in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for decommissioning liability

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future rehabilitation costs is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred.

Pre-tax discount rates that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets and the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the consolidated statement of operations and comprehensive loss for the period.

Property and equipment

Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such costs will flow to the Company and cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to operations and comprehensive loss during the period in which they are incurred.

The major categories of equipment are amortized as follows:

Vehicles - 30% declining balance basis
Office furnishings - 20% declining balance basis
Equipment - 30% declining balance basis

The Company allocates the amount initially recognized in respect of an item of equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital stock. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, and foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

Hyperinflation

IAS 29, Financial Reporting in Hyper-Inflationary Economies, ("IFRS 29") applies to the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy. The designation of an economy as hyperinflationary involves the assessment of several factors and requires the Company to make certain estimates and judgements, such as the assessment of historic inflation rates and anticipation of future trends. Changes in such estimates may significantly impact the carrying value of the Company's non-monetary assets or liabilities, and results of operations that are subject to hyper-inflationary adjustments, and the related gains and losses with the consolidated statements of operations and comprehensive loss. During the year ended September 30, 2018, the economic environment in Argentina experienced the acceleration of multiple local inflation indices, a three-year cumulative inflation rate of the local Argentine wholesale price index exceeding 100% in May 2018, and the significant devaluation of the Argentine Peso. As such, Argentina has been designated a hyper-inflationary economy as of July 1, 2018. The functional currency of Regulus Argentina S.A. and Minera El Toro S.A. (collectively, the "Argentine subsidiaries") are the Argentine Peso and and the provisions of IAS 29 have been adopted and applied to these consolidated financial statements prospectively, as of July 1, 2018. The Company also followed the interpretive guidance within IFRIC 7 as it pertains to the first time adoption of IAS 29. The Company has prepared these consolidated financial statements on the historical cost approach within IAS 29.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The application of hyperinflation accounting requires restatement of the Argentine subsidiary's nonmonetary assets and liabilities, shareholders' equity and comprehensive loss items from the transaction date when they were first recognized into the current purchasing power which reflects a price index current at the end of the reporting period before being included in the consolidated financial statements. The resulting financial information is considered to be more meaningful, relevant and representative of a measuring unit current as of the reporting date. To measure the impact of inflation on its financial position and results, the Company has elected to use price indices that have been recommended by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences ("FACPCE").

The Company, which uses the Canadian Dollar, a stable currency, as its presentation currency has applied IAS 29 on a prospective basis, without restatement of comparative and prior period balances. Accordingly, upon adoption of IAS 29, the Company immediately recognized an adjustment (the "Opening Hyperinflation Adjustment") for the restatement of opening non-monetary assets held by the Argentine subsidiaries, to reflect the cumulative effects of inflation from the historical dates when they were first recognized to July 1, 2018. The Company has elected, as an accounting policy choice, to recognize the Opening Hyperinflationary Adjustment as an item of other comprehensive income, where is has been combined with the cumulative foreign currency translation adjustments on the consolidated statement of financial position.

The comparative period amounts included in these consolidated financial statements do not require restatement as they were presented previously in a stable currency, the Canadian Dollar.

Recent accounting pronouncements

Accounting standards, amendments and interpretations not yet effective:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements are not expected to have a material effect on the Company's future results and financial position:

- IFRS 9, Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories -- amortized cost and fair value. IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018. The Company has completed a preliminary assessment and does not expect the adoption of IFRS 9 to have a material impact on its financial results aside from disclosure.

- IFRS 15, Revenue Recognition - Revenue from Contracts with Customers establishes the principles that an entity shall apply to financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer, effective for annual periods beginning on or after January 1, 2018. The Company has completed a preliminary assessment and does not expect the adoption of IFRS 15 to have a material impact on its financial results.

- IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The extent of the impact of adoption has not yet been determined.

- IFRIC 23 Uncertainty over Income Tax Treatments: New standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRIC 23 on its consolidated statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

Expressed in Canadian Dollars

4. CASH

	September 30, 2018	September 30, 2017
Cash on deposit	$ 19,678,786	$ 6,815,719

5. RECEIVABLES

The Company's receivables arise from accrued royalty payments (Note 8), due from related party, and various tax credits receivable from the Canadian, Peruvian and Argentinean government taxation authorities and advances. These are broken down as follows:

	September 30, 2018	September 30, 2017
Royalty payments receivable (Note 8)	$ 463,715	$ -
Due from related party (Note 13)	67,037	-
Tax credits and advances receivable	66,934	59,094
	$ 597,686	$ 59,094

During the year ended September 30, 2018, the Company wrote-off $1,427,016 (2017 - $507,510) of receivables to profit and loss. These receivables primarily related to Value Added Taxes ("VAT") in Peru for which recoverability is uncertain.

The Company recovery of $288,959 in previously written-off VAT in the year ended September 30, 2017 related to Argentina. No recoveries of VAT were made in the year ended September 30, 2018.

6. PREPAID EXPENSES AND DEPOSITS

The prepaid expenses for the Company are broken down as follows:

	September 30, 2018	September 30, 2017
Prepaid expenses	$ 77,518	$ 47,325
Deposits for drill pads	482,885	-
	$ 560,403	$ 47,325

During the year ended September 30, 2018, the Company recovered $119,215 (2017 – wrote-off $89,277) of prepaid expenses previously written-off to profit and loss. These prepaid expenses primarily relate to tax balances paid in advance in South America.

Expressed in Canadian Dollars

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office Furnishings	Equipment	Land	Total
Cost					
Balance, September 30, 2016	$ 8,534	$ 55,692	$ 58,975	$ -	$ 123,201
Additions	-	3,607	124,863	-	128,470
Foreign exchange movement	(1,246)	(8,133)	(8,613)	-	(17,992)
Balance, September 30, 2017	$ 7,288	$ 51,166	$ 175,225	$ -	$ 233,679
Additions	-	-	66,446	152,608	219,054
Foreign exchange movement	(77)	(539)	(2,546)	(1,608)	(4,770)
Assets held to be distributed to shareholders (Note 19)	(3,128)	(1,151)	(4,807)	-	(9,086)
Balance, September 30, 2018	$ 4,083	$ 49,476	$ 234,318	$ 151,000	$ 438,877
Accumulated amortization					
Balance, September 30, 2016	$ 6,626	$ 15,323	$ 30,622	$ -	$ 52,571
Amortization	715	3,713	26,302	-	30,730
Foreign exchange movement	(565)	(1,307)	(2,614)	-	(4,486)
Balance, September 30, 2017	$ 6,776	$ 17,729	$ 54,310	$ -	$ 78,815
Amortization	509	1,898	36,129	-	38,536
Foreign exchange movement	(534)	(1,438)	(6,631)	-	(8,603)
Assets held to be distributed to shareholders (Note 19)	(3,038)	(975)	(4,533)	-	(8,546)
Balance, September 30, 2018	$ 3,713	$ 17,214	$ 79,275	$ -	$ 100,202
Carrying amounts					
As at September 30, 2016	$ 1,908	$ 40,369	$ 28,353	$ -	$ 70,630
As at September 30, 2017	$ 512	$ 33,437	$ 120,915	$ -	$ 154,864
As at September 30, 2018	$ 370	$ 32,262	$ 155,043	$ 151,000	$ 338,675

8. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, title to its property is in good standing.

The exploration and evaluation assets in which the Company has an interest are located in Argentina, Peru, Chile, the U.S. and Canada and the Company is therefore relying on title opinions by legal counsel who are basing such opinions on the laws of Argentina, Peru, Chile, the U.S. and Canada.

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

	September 30, 2018	September 30, 2017
Other Argentina properties	$ -	$ 168,419
Rio Grande, Argentina	$ -	$ 682,735
AntaKori property, Peru	$ 32,417,136	$ 21,796,140
Golden Brew property, Nevada, USA	$ 1,222,938	$ 1,017,561
	$ 33,640,074	$ 23,664,855

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Total
Balance, September 30, 2016	$ 309,264	$ 172,153	$ 298,301	$ 17,837,203	$18,616,921
Additions:					
Administrative services	25,769	292	12,925	115,741	154,727
Change in estimates related to decommissioning liability	(73,079)	(57,337)	-	19,162	(111,254)
Field operations	43,356	40,668	610,726	2,665,829	3,360,579
Labour	356,516	-	-	833,442	1,189,958
Property payments	-	-	45,328	151,655	196,983
Recoveries	(55,368)	-	-	-	(55,368)
Taxes and licences	24,301	73,257	-	-	97,558
Third party services	158,036	66	50,281	577,095	785,478
	479,531	56,946	719,260	4,362,924	5,618,661
Foreign exchange movement	(106,060)	(60,680)	-	(403,987)	(570,727)
Balance, September 30, 2017	$ 682,735	$ 168,419	$ 1,017,561	$ 21,796,140	$23,664,855
Additions:					
Administrative services	16,059	89	1,807	84,241	102,196
Change in estimates related to decommissioning liability	-	5,696	-	-	5,696
Field operations	7,380	956	111,362	9,063,403	9,183,101
Labour	285,169	-	-	921,829	1,206,998
Property payments	-	-	71,061	75,569	146,630
Recoveries	(44,885)	-	-	(523,452)	(568,337)
Taxes and licences	34,625	53,944	-	-	88,569
Third party services	128,627	872	21,147	594,118	744,764
	426,975	61,557	205,377	10,215,708	10,909,617
Foreign exchange movement	(468,594)	(229,676)	-	405,288	(292,982)
Effects of hyperinflation (Note 3)	173,855	1,627,974	-	-	1,801,829
Assets held to be distributed to shareholders (Note 19)	(814,971)	(1,628,274)	-	-	(2,443,245)
Balance, September 30, 2018	$ -	$ -	$ 1,222,938	$ 32,417,136	$ 33,640,074

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

AntaKori Project, Peru

The Company has acquired an option to earn an interest in the AntaKori project through the following option agreements executed by its Peruvian subsidiary, Southern Legacy Peru S.A.C. ("Regulus Peru"):

(a) An option agreement was executed in December 2011 with certain members of the Santolalla family, providing a right to acquire 86.8% of the capital stock of Minas del Sinchao S.A., which owns 50% of the capital stock of SMRL Rita Margot de Cajamarca. SMRL Rita Margot de Cajamarca owns three mining rights and has a 50% interest in SMRL Maria Eugenia 2 Mina Volare de Cajamarca which owns an additional mining right that comprises a portion of the AntaKori project. The agreement also provides for a 1% net smelter return royalty for the Santolalla family which is subject to a US$4.5 million buy-out option. Payments made to date are US$3,038,000 with no payments remaining;

(b) A second option agreement dated November 2013 provides the right to acquire an additional 7.7% interest in Minas del Sinchao S.A, which increases the Company's right to acquire an interest in Minas del Sinchao S.A. up to 94.5% of its capital stock. Payments made to date are US$233,926 with no payments remaining;

(c) Two option and usufruct agreements dated March 2012 were executed whereby two owners of a combined 12.5% ownership of SMRL Rita Margot De Cajamarca granted in favor of Regulus Peru a usufruct right over their 12.5% ownership of the entity. With the usufruct over the vendors' shares, Regulus Peru has an option to acquire 62.5% of the SMRL Rita Margot De Cajamarca capital stock. Each of these option and usufruct agreements provide the owners a net smelter royalty ("NSR") of 0.1875%. Payments made to date are US$877,000 with no payments remaining;

(d) Six option and usufruct agreements were executed in December 2012, whereby 30 owners of a combined 62.5% ownership of SMRL El Sinchao De Cajamarca ("El Sinchao") granted in favour of SLM Peru a usufruct right over their 62.5% ownership of the entity with the payment terms set out in the table below. El Sinchao owns 100% of three mining concessions that compose a portion of the AntaKori project. With the usufruct over the vendors' shares, Regulus Peru has an option to acquire 62.5% of El Sinchao capital stock. No smelter royalties or back-in rights exist as part of this option agreement. Payments made to date are US$1,173,558 with no payments remaining;

(e) Two option and usufruct agreements were executed in March 2013, whereby four owners of a combined 20.63% ownership of El Sinchao granted in favour of Regulus Peru a usufruct right over their 20.63% ownership of the entity. With the usufruct over the vendors' shares, Regulus Peru increased to 83.13% the total of El Sinchao's capital stock it has options to acquire. These option agreements do not contain smelter royalties or back-in rights clauses. Payments made to date are US$386,381 with no payments remaining;

(f) An option and usufruct agreement were executed in September 2014, whereby Regulus Peru purchased 25% of the outstanding shares of Rita Margot de Cajamarca for a total of US$1,750,000. Payments made to date are US$1,750,000 with no payments remaining.

A summary of the payments made and due under the option agreements described above is outlined below:

Payment Due Date		Amount (US$)
Paid during the year ended September 30, 2012	$	580,000
Paid during the year ended September 30, 2013		1,159,170
Paid during the year ending September 30, 2014		1,923,769
Paid during the year ending September 30, 2015		1,850,000
Paid during the year ending September 30, 2016		1,909,123
Paid during the year ending September 30, 2017		38,000
Total	$	7,460,062

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

AntaKori Project, Peru (cont'd…)

During the year ended September 30, 2017, the Company's wholly owned Peruvian subsidiary, Southern Legacy Peru S.A.C, ("Regulus Peru"), finalized the execution of definitive agreements with Compañía Minera Coimolache S.A. ("Coimolache") and Compañía Minera Colquirrumi S.A. ("Colquirrumi"), companies that hold mineral concessions immediately adjacent to, and inter-fingering with the Company's AntaKori copper-gold project in northern Peru. These agreements allow for mutual access, mutual rights of expansion and collaborative exploration of the project area, providing benefit to all three parties.

The Coimolache agreement has a term of five years, renewable with consent from both parties. The agreement is primarily designed to allow the parties to collaboratively explore the project area but also allows Comolaiche to advance onto Regulus concessions for the purpose of exploiting oxide gold mineralization in exchange for paying a 5% NSR to Regulus for any precious metals produced from Regulus Concessions. Either party can also elect to be designated as the developing party to develop and mine in the area of area of interest of the agreement. The developing party would assume all costs for development, mining and mine closure and would pay a 5% NSR for ore mined from the other party's mineral concessions.

The Colquirrumi agreement allows Regulus to earn-in to a 70% interest in a 2,571 hectare block of ground held by Colquirrumi by completing 7,500 m of drilling within 3 years from obtaining necessary permits to drill. Regulus has up to 3 years to receive the necessary permits. The agreement assigns certain mining concessions to the Company's 99.9% owned Peruvian subsidiary, Anta Norte S.A.C. ("Anta Norte") to allow for exploration work to be performed on those claims by Anta Norte during the term of the agreement. Upon notification that Regulus has completed 7,500 m of drilling and elected to obtain a 70% interest in the property, Colquirrumi will have a one time option to claw-back to a 70% interest in the property (leaving 30% to Regulus) by paying Regulus the sum of US$9 million.

During the year ended September 30, 2018, the Company received or accrued royalty payments of $1,059,979 (2017 - $Nil) arising from the terms of the definitive agreement with Coimolache. As at September 30, 2018, $463,715 of this amount remains in receivables (Note 5). The Company is also subject to pay NSR's ranging from 1.5% - 3% to the underlying holders of these same claims. The total royalties owed by the Company as at September 30, 2018 is $536,527 which is included in accrued liabilities (Note 10). These net amount of royalties earned less royalties payable of $523,452 has been offset to the balance of exploration and evaluation assets in accordance with the Company's policy.

During the year ended September 30, 2018, the Company made deposits of $482,885 (2017 - $Nil) towards drill pads under the terms of the definitive agreement with Coimolache. These deposits are recorded in prepaid expenses and deposits (Note 6) as at September 30, 2018 and are expected to be recovered upon completion of drilling.

Rio Grande, Argentina

The Company holds a 100% interest in the Rio Grande property in Salta Province, Argentina. Subsequent to September 30, 2018, this property was spun-out into a separate company (Note 20). In connection with the spin-out, this property was re-classified to assets held for distribution to shareholders (Note 19).

Puchuldiza Property, Chile

The Company holds a 100% interest in the Puchuldiza Property. The Company is required to pay a royalty of 1.5% of the net smelter return from commercial production up to a cumulative total of US$5,000,000.

During the year ended September 30, 2018, the Company wrote off the capitalized cost of $Nil (2017 - $78,938) associated with the Puchuldiza property as a result of management not planning any significant work on the property in the near future.

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Golden Brew, Nevada, USA

On February 14, 2014, the Company signed an agreement with Highway 50 Gold Corp. ("Highway 50") whereby Highway 50 granted Regulus an option (the "Option") to earn a 50% interest in Highway 50's Golden Brew property. In order to exercise the Option, the Company must spend US$5,000,000 on exploration expenditures on the project over 5 years. Upon earn-in the parties will form a joint venture on a 50/50 basis. 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. During the year ended September 30, 2018, the Company amended and paid the annual option payment from US$50,000 to US$30,000.

In addition to the AntaKori, Rio Grande, Puchuldiza, and Golden Brew properties, the Company holds a 100% interest in the Aguas Calientes, El Camino, Catua, Oscuro and La Frontera properties in Argentina and the Fireweed property in British Columbia, Canada.

Subsequent to September 30, 2018, Aguas Calientes, El Camino, Catua, Oscuro and La Frontera properties in Argentina were spun-out into a separate company (Note 20). In connection with the spin-out, these properties was re-classified to assets held for distribution to shareholders (Note 19).

9. LONG-TERM INVESTMENT

Long-term investment is comprised of holdings in publicly traded securities as follows:

	Fair Value	Cost
Balance as at September 30, 2016	$ 371,000	$ 740,000
Fair market value adjustments	479,000	-
Balance as at September 30, 2017	$ 850,000	$ 740,000
Fair market value adjustments	40,000	-
Balance as at September 30, 2018	$ 890,000	$ 740,000

The Company held 2,000,000 share purchase warrants exercisable at a price of $0.60 in the capital of Highway 50 Gold Corp. which expired on February 28, 2018. These warrants had a fair value of $Nil.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities for the Company are as follows:

	September 30, 2018	September 30, 2017
Trade payables	$ 1,746,315	$ 2,289,877
Accrued liabilities (Note 8)	536,527	-
Balance as at September 30, 2018	$ 2,282,842	$ 2,289,877

All accounts payables and accrued liabilities for the Company fall due within the next 12 months.

Expressed in Canadian Dollars

11. DECOMMISSIONING LIABILITY

Although the ultimate amount of the decommissioning liability is uncertain, the best estimate of these obligations is based on information currently available. Significant closure activities include land rehabilitation, demolition of buildings and other costs. The following table presents the aggregate carrying amount of the obligation associated with the retirement of the mineral property interests.

		September 30, 2018		September 30, 2017
Asset retirement obligation – beginning of year	$	356,356	$	1,331,929
Remediation performed		-		(865,821)
Change in estimates		5,696		(111,254)
Interest expense		29,369		39,636
Foreign exchange movement		14,093		(38,134)
Liabilities held for distribution to shareholders		(405,514)		-
Asset retirement obligation – end of year	$	-	$	356,356

The total amount of estimated undiscounted cash flows required to settled the Company's estimated obligation is $548,498 as at September 30, 2018 (2017 - $519,794), which has been discounted using a credit adjusted rate of 10% and an inflation rate of 2%. The present value of the decommissioning liabilities may be subject to change based on management's estimates, changes in remediation technology or changes to applicable laws and regulations. The decommissioning liability relates to the Company's Argentinean properties. The decommissioning liability is expected to be settled at various dates which are currently expected to extend up to 2022.

Subsequent to September 30, 2018, the properties associated with the decommissioning liability were spun-out into a separate company (Note 20). In connection with the spin-out, the decommissioning liability was re-classified to liabilities held for distribution to shareholders (Note 19).

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

Authorized: unlimited common shares without par value. All issued shares are fully paid.

Treasury shares: recorded at cost.

During the year ended September 30, 2018, the Company closed a private placement of 10,852,039 common shares at $1.90 per share for proceeds of $20,596,374. The Company paid finder's fees of $448,361 cash and 187,307 broker warrants at a fair value of $133,937 exercisable at a price of $1.90 until September 27, 2020. The Company also issued 11,842 of the common shares included in the private placement as a finance fee for no proceeds. 2,502,040 of the common shares were restricted from trading for four months as at September 30, 2018, but such restrictions were removed subsequently on November 14, 2018.

During the year ended September 30, 2018, the Company received proceeds of $1,907,250 from the exercise of 4,238,334 options at a price of $0.45 per option and received proceeds of $6,440,508 from the exercise of 7,023,754 warrants at an average price of $0.92 per warrant.

During the year ended September 30, 2017, the Company received proceeds of $101,250 from the exercise of 225,000 options at a price of $0.45 per option and received proceeds of $270,435 from the exercise of 295,584 warrants at an average price of $0.91 per warrant.

Stock Options

The Company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company and its subsidiaries. The number of common shares subject to the stock options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company. The Plan provides for a maximum term of five years for stock options and sets the most favorable vesting terms as one-third of the total stock options granted on the day of the grant and on each of the first and second anniversaries of the date of grant. As at September 30, 2018, the Company had options outstanding to purchase 2,250,000 common shares, subject to early expiry under certain conditions and subject to specified vesting periods.

Expressed in Canadian Dollars

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd…)

Stock Options (cont'd…)

The following table summarized movements in stock options outstanding for the year ended September 30, 2018:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2016	6,618,334	$ 0.78
Options exercised	(225,000)	$ 0.45
Balance, September 30, 2017	6,393,334	$ 0.81
Options granted	150,000	$ 1.89
Options exercised	(4,238,334)	$ 0.45
Options expired/forfeited	(55,000)	$ 0.55
Balance, September 30, 2018	2,250,000	$ 1.53
Number of options currently exercisable	2,125,000	$ 1.50

The following table summarizes information about stock options outstanding at September 30, 2018:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$ 1.50	2,100,000	2,100,000	September 2, 2021
$ 1.84	100,000	25,000	December 28, 2022
$ 2.00	50,000	-	July 11, 2023
	2,250,000	2,125,000	

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2016	11,536,790	$ 1.17
Warrants exercised	(295,584)	$ 0.91
Balance, September 30, 2017	11,241,206	$ 1.17
Warrants issued	187,307	$ 1.90
Warrants exercised	(7,023,754)	$ 0.92
Balance, September 30, 2018	4,404,759	$ 1.61

Expressed in Canadian Dollars

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (cont'd…)

Warrants (cont'd…)

The following table summarizes information about warrants outstanding at September 30, 2018:

Exercise Price	Number Outstanding	Expiry Date
$ 1.60	4,217,452	January 27, 2020
$ 1.90	187,307	September 27, 2020
	4,404,759	

The following weighted average assumptions were used for the Black-Scholes valuation of broker's warrants issued during the year ended September 30, 2018:

	2018	2017
Risk-free interest rate	2.19%	-
Expected life	2 years	-
Volatility	71.91%	-
Dividend	0.00%	-
Weighted average fair value per warrant	$0.72	-

Share-based compensation

The Company recognizes compensation expense for all stock options and warrants granted using the fair value based method of accounting. During the year ended September 30, 2018, the Company recognized $287,050 (2017 - $1,729,092) in share-based compensation expense with respect to options vested during the year.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended September 30, 2018:

	2018	2017
Risk-free interest rate	1.93%	-
Expected life of grant	5 years	-
Volatility	143.19%	-
Dividend	0.00%	-
Weighted average fair value per option	$1.69	-

Expressed in Canadian Dollars

13. RELATED PARTY TRANSACTIONS

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Southern Legacy Minerals Inc.	USA	100%	Holding company
Southern Legacy Peru S.A.C.	Peru	100%	Mineral exploration
KoriAnta S.A.C.	Peru	100%	Holding company
SMRL El Sinchao de Cajamara	Peru	83.13%	Holding company
Anta Norte S.A.C.	Peru	99.90%	Mineral exploration
Minera Southern Legacy Chile Limitada	Chile	100%	Mineral exploration
Pachamama (Bermuda) Ltd.	Bermuda	100%	Holding company
Argex Mining Samenta Ltd.	Barbados	100%	Holding company
Argex Cerro Gordo Ltd.	Barbados	100%	Holding company
Regulus Argentina S.A.	Argentina	100%	Mineral exploration
Minera El Toro S.A.	Argentina	100%	Mineral exploration

During the year ended September 30, 2018, the Company entered into the following transactions with key management personnel and related parties.

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director of the Company. For the year ended September 30, 2018, DBD Resources was paid $257,408 (2017 - $209,190). Management services paid to DBD Resources are classified as management fees expense in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $21,503 (2017 – $Nil) to DBD Resources and $Nil (September 30, 2017 – $27,377) to Mr. John Black for the expenses incurred in the normal course of the business. During the year ended September 30, 2018, Mr. John Black loaned the Company $460,122 ($350,000 USD) and was repaid $395,611 ($300,000 USD) through a private placement (Note 12). The loan accrues simple interest at 10% per annum, is due on September 30, 2018, and is unsecured. As at September 30, 2018, Mr. John Black was owed $72,735 ($56,374 USD) which included accrued interest of $8,224 ($6,374 USD). The loans and accrued interest were repaid in full subsequent to September 30, 2018.

b) For the year ended September 30, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $225,233 in consulting fees (2017 – $194,671). Consulting fees paid or accrued to Mr. Pickmann are classified as management fees expense in the consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued $177,776 (2017 - $181,609) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $94,078 (September 30, 2017 - $Nil) to Mr. Pickmann and owed $101,062 (2017 – $756) to the law firm at which Mr. Pickmann was a partner.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the year ended September 30, 2018, Unicus was paid $50,000 (2017 – $50,000). Management services paid to Unicus are classified as management fees expense in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $Nil (September 30, 2017 – $Nil) to Unicus for the expenses incurred in the normal course of the business. During the year ended September 30, 2018, Mr. Mark Wayne loaned the Company $800,000. The loan accrues simple interest at 10% per annum, is due on September 30, 2018, and is unsecured. As at September 30, 2018, Mr. Mark Wayne was owed $817,454 which included accrued interest of $17,454. The loans and accrued interest were repaid in full subsequent to September 30, 2018.

Expressed in Canadian Dollars

13. RELATED PARTY TRANSACTIONS (cont'd…)

d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, Chief Geological Officer of the Company. For the year ended September 30, 2018, Rock Doctor was paid $257,408 (2017 – $209,190). Amounts paid to Rock Doctor are classified as management fees in the consolidated statements of operations and comprehensive loss.

At September 30, 2018, the Company owed $43,007 (September 30, 2017 – $Nil) to Rock Doctor. During the year ended September 30, 2018, Mr. Kevin Heather loaned the Company $300,000. The loan accrues simple interest at 10% per annum, is due on September 30, 2018, and is unsecured. The loan was repaid in full through a private placement (Note 12), however $4,767 in accrued interest remained outstanding at September 30, 2018.

e) Two non-executive directors were paid $32,105 (2017 - $15,000) for professional services. Amounts paid to non-executive directors are classified as management fees in the consolidated statements of operations and comprehensive loss.

At September 30, 2018, the Company owed $12,902 (September 30, 2017 – $Nil) to non-executive directors.

f) The Company incurred $67,037 of expenses on behalf of Aldebaran Resources Inc., a company with common directors and management which spun-out subsequent to September 30, 2018. This balance is included in receivables (Note 5).

g) The Company holds 2,000,000 common shares (2017 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with directors in common, included within long term investments (Note 9).

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 years ended September 30, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2018			
Chief Executive Officer	$ 257,408	$ 18,872	$ 276,280
Chief Geological Officer	257,408	18,872	276,280
Chief Financial Officer	50,000	18,872	68,872
Chief Operating Officer	225,233	18,872	244,105
Non-executive directors	32,105	37,744	69,849
	$ 822,154	$ 113,232	$ 935,386

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2017			
Chief Executive Officer	$ 209,190	$ 164,284	$ 373,474
Chief Geological Officer	209,190	164,284	373,474
Chief Financial Officer	50,000	164,284	214,284
Chief Operating Officer	194,671	164,284	358,955
Non-executive directors	15,000	328,568	343,568
	$ 678,051	$ 985,704	$ 1,663,755

Aside from loans with terms specifically disclosed above, amounts due to related parties have no specific terms of repayment, are unsecured, and have no interest rate.

Expressed in Canadian Dollars

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these consolidated financial statements, the significant non-cash transactions for the years ended September 30, 2018 and 2017 included:

a) $1,621,340 (2017 - $1,967,662) in accounts payable and accrued liabilities related to exploration and evaluation assets.

b) $463,715 (2017 - $Nil) in receivables related to exploration and evaluation assets.

c) $1,064,670 (2017 - $56,250) transferred to share capital on exercise of 2,575,000 stock options (2017 – 225,000).

d) $2,564,846 of assets (2017 - $Nil) and $411,735 of liabilities (2017 - $Nil) were reclassified as held for distribution to shareholders (Note 19).

e) $694,311 of loans payable (2017 - $Nil) were settled in lieu of cash proceeds for common shares issued in the private placement (Note 12).

f) $1,801,829 in mineral property additions were the result of hyperinflation adjustments (Note 8).

For the years ended September 30	2018	2017
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

15. SEGMENTED INFORMATION

The Company operates under one segment, that being the exploration and development of exploration and evaluation assets. Geographical information is as follows:

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2018				
Canada	$ 19,762,295	$ -	$ -	$ 19,762,295
Peru	34,699,277	338,675	32,417,136	1,943,466
Chile	21,114	-	-	21,114
United States	1,222,938	-	1,222,938	-
Argentina	2,564,846	-	-	2,564,846
	$ 58,270,470	$ 338,675	$ 33,640,074	$ 24,291,721

	Total Assets	Property, Plant and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2017				
Canada	$ 7,254,217	$ -	$ -	$ 7,254,217
Argentina	1,187,933	2,809	851,154	333,970
Peru	22,110,974	152,055	21,796,140	162,779
Chile	21,172	-	-	21,172
United States	1,017,561	-	1,017,561	-
	$ 31,591,857	$ 154,864	$ 23,664,855	$ 7,772,138

Expressed in Canadian Dollars

15. SEGMENTED INFORMATION (cont'd…)

		2018		2017
Loss (income) for the years ended September 30				
Canada	$	1,544,398	$	3,736,755
Bermuda		22,824		32,819
Peru		2,544,682		(262,487)
Chile		119,750		(6,193)
Argentina		375,148		(8,379)
	$	4,606,802	$	3,492,515

16. 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, due to related parties, and loans payable, approximate carrying value, which is the amount recorded on the consolidated statements of financial position. The Company's other financial instruments, cash, and long-term investments, 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 is held at large Canadian financial institutions in interest-bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of royalty payments receivable. 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, 2018, the Company had a cash balance of $19,678,786 to settle current liabilities of $3,450,350.

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 the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. The Company's debt which accrues interest is at a fixed rate and also does not expose the Company to interest rate risk.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

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 US$, the A-Peso, the Chilean peso ("C-Peso") and the Peruvian nuevo sol ("PEN"). A 10% fluctuation in the US$, A-Peso, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive loss for the year by approximately $1,178,000.

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, 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, which approximate the carrying amount of these investments. A 10% fluctuation in market prices would affect comprehensive income (loss) by approximately $89,000.

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 development of its exploration and evaluation assets, acquire additional mineral property interests 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.

17. COMMITMENTS

The Company has entered into lease agreements for its premises in Peru. The annual lease commitments are as follows:

		Peru
2018	$	79,816
2019		31,480
	$	111,296

Expressed in Canadian Dollars

18. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

		2018		2017
Loss for the year	$	(4,606,802)	$	(3,492,515)
Expected income recovery	$	(1,232,000)		(908,000)
Change in statutory, foreign tax, foreign exchange rates and other		159,000		7,000
Permanent difference		710,000		67,000
Share issuance cost		(120,000)		-
Adjustment to prior years' provision versus statutory returns		276,000		18,000
Change in unrecognized deductible temporary differences		207,000		816,000
	$	-	$	-

The significant components of the Company's deferred tax assets (liabilities) that have been recognized on the consolidated statements of financial position are as follows:

		2018		2017
Deferred tax assets (liabilities)				
Long term investment	$	(20,000)	$	(14,000)
Non-capital losses available for future periods		20,000		14,000
Unrecognized deferred tax assets		-		-
Net deferred tax assets	$	-	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2018	Expiry dates		2017	Expiry dates
Temporary differences						
Equipment	$	196,000	No expiry date	$	217,000	No expiry date
Share issue costs		713,000	No expiry date		539,000	No expiry date
Exploration and evaluation assets		-	No expiry date		-	No expiry date
Non-capital losses available for future periods		29,115,000	2027 to 2038		27,109,154	2027 to 2037
	$	30,024,000		$	27,865,154	

Expressed in Canadian Dollars

19. ASSETS HELD FOR DISTRIBUTION TO SHAREHOLDERS

The disposal group reclassified for distribution to shareholders at September 30, 2018 consists of the Company's Argentine subsidiaries and certain associated costs which were spun-out subsequent to September 30, 2018 (Note 20). The disposal group is part of the Company's only segment, which is the exploration and development of exploration and evaluation assets (Note 15).

Accounting Policy

Non-current assets held for sale and disposal groups are presented separately in the current section of the statement of financial position when management is committed to immediately distributing the asset or disposal group in its present condition, and this distribution is highly probably and expected to be completed within one year. Immediately before the initial classification of the asset and disposal groups as held for sale or for distribution, the carrying amounts of the assets, or all the assets and liabilities in the disposal groups, are measured in accordance with the applicable accounting policy:

Current assets	Amortized cost
Equipment	Amortized cost
Exploration and evaluation assets	Amortized cost
Current liabilities	Other financial liabilities at amortized cost
Decommissioning liability	Other financial liabilities at amortized cost

Assets and liabilities held for distribution to shareholders:	Note	September 30, 2018	September 30, 2017
Current assets		$ 121,061	$ -
Equipment	7	540	-
Exploration and evaluation assets	8	2,443,245	-
Total assets held for distribution to shareholders		$ 2,564,846	$ -
Current liabilities		$ 6,221	$ -
Decommissioning liability	11	405,514	-
Total liabilities held for distribution to shareholders		$ 411,735	$ -

20. SUBSEQUENT EVENTS

Subsequent to September 30, 2018:

a) Upon receiving final approval from the TSX-Venture on November 2, 2018, the Company completed the spin-out of its wholly owned Argentinian subsidiaries, Regulus Argentina S.A. and Minera El Toro S.A. (the "Argentine subsidiaries") into Aldebaran Resources Inc. ("Aldebaran").

   The spin-out was completed by way of a statutory plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement") wherein, Regulus transferred its Argentine subsidiaries to Aldebaran in exchange for 30,331,534 common shares ("Aldebaran Shares") of Aldebaran, which were distributed to Regulus shareholders on the basis of one Aldebaran Share for each three Regulus common shares held as of the close of business on September 28, 2018.

b) On October 1, 2018, 8,200 common shares of the Company were cancelled.

c) On January 4, 2019, the Company paid a $50,000 USD option payment related to the Golden Brew Property.

Management's Discussion and Analysis

For the Year Ended September 30, 2018

General

The following Management Discussion and Analysis ("MD&A") of Regulus Resources Inc. (the "Company" or "Regulus") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of January 22, 2019 and should be read in conjunction with the consolidated financial statements for the years ended September 30, 2018 and 2017, the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"), and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.regulusresources.com.

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Company, unless specifically noted.

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

Regulus was 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 East porphyry copper deposit, which 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. The Company put the Rio Grande project on hold in 2012 in response to challenging market conditions and began pursuing opportunities for new mineral projects with good potential for significant discoveries. In September 2014, the Company completed a merger with Southern Legacy Minerals Inc. ("Southern Legacy"). The primary objective of the merger was to acquire the AntaKori Cu-Au-Ag project in northern Peru, which is now the flagship project for Regulus. The AntaKori project is located near several large-scale gold and copper mines and deposits and has an initial NI 43-101 inferred resource of 294.8 million tonnes with a copper grade of 0.48% and a gold grade of 0.36 grams per tonne. Management is confident that further work will expand the current deposit to a size that will be of interest to major mining companies. All of the Company's assets in Argentina, including the Rio Grande project, were transferred to Aldebaran Resources Inc. as part of the "spinout" transaction described below.

The following is a summary of the significant milestones since October 1, 2017 to date.

Spin-Out

In June 2018, the Company announced that it had entered into an arrangement agreement (the "Arrangement Agreement") to spin out its Argentine assets, including the Rio Grande and Aguas Calientes projects, into a newly formed company, Aldebaran Resources Inc. ("Aldebaran"). Under the terms of the Arrangement Agreement, Aldebaran also entered into a joint venture and option agreement (the "JV Agreement") with Stillwater Canada LLC, an indirect subsidiary of Sibanye Gold Limited, trading as Sibanye-Stillwater ("Sibanye-Stillwater"), to acquire up to an 80% interest in Peregrine Metals Ltd. ("Peregrine"), a wholly-owned subsidiary of Sibanye-Stillwater, that owns the Altar Copper-Gold project in San Juan Province, Argentina. The spin out of Regulus' Argentine assets were completed subsequent to September 30, 2018 pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") in conjunction with the completion of a US$30 million common share financing in Aldebaran with certain investment funds managed by Route One Investment Company L.P. (collectively "Route One"), and the execution of definitive closing documents, including the JV Agreement, on closing of the Arrangement (collectively the "Transaction").

The Company completed the spin-out of Aldebaran on November 2, 2018 upon receiving final approval from the TSX Venture Exchange. The spin-out was completed by way of a statutory plan of arrangement wherein, Regulus transferred its Argentine subsidiaries to Aldebaran in exchange for 30,331,534 common shares ("Aldebaran Shares") of Aldebaran, which were distributed to Regulus shareholders on the basis of one Aldebaran Share for each three Regulus common shares held as of the close of business on September 28, 2018.

In addition, Aldebaran completed the previously announced financing with Route One, whereby Route One subscribed in the aggregate for 31,250,000 Aldebaran Shares at a price of US$0.96 per share for total proceeds of US$30 million.

Aldebaran also issued an aggregate of 15,449,555 Aldebaran Shares to Sibanye-Stillwater, representing 19.9% of the issued and outstanding Aldebaran Shares, and made an upfront cash payment of US$15 million to Sibanye-Stillwater, all in accordance with the JV Agreement.

Financing

In September 2018, the Company completed a common share private placement offering (the "Offering"). An aggregate of 10,852,039 common shares (the "Shares") were issued under the Offering at a price of $1.90 per Share for total gross proceeds of $20,596,374. The Offering was completed by a syndicate of agents led by Canaccord Genuity Corp. that included PI Financial Corp. and Haywood Securities Inc. (collectively, the "Agents"). Sprott Global Resource Investments, Ltd., also participated in the financing and received a finder's fee on its allocation. Investors who participated in the Offering were entitled to receive the distribution of Aldebaran shares described above under "Spinout". Route One participated in the Offering for 7,350,000 Shares. The Company understands Route One now controls approximately 24% of the issued and outstanding shares of Regulus. Route One was approved as a new "control person" of the Company at the shareholders meeting held on September 21, 2018. The Company intends to use the net proceeds of the Offering primarily for exploration on its AntaKori copper-gold-silver project in Peru and for general corporate purposes.

Drill Results

The Company drilled continuously throughout the year at its AntaKori project. The Phase I drilling program (20,332 m through to hole AK-18-027) was completed by October 2018 and will be utilized to calculate an updated Resource Estimate scheduled for completion in Q1-2019. Upon conclusion of the Phase I drilling program, the Company entered directly into the Phase 2 drilling program with three additional holes completed to date (2,961 m from AK-18-028 to AK-18-030) with results pending. Results from drilling to date have been highly encouraging with several holes returning intervals with greater than 1% copper and/or greater than 1 g/t gold in both the skarn and high sulphidation epithermal mineralization styles. The drilling has also encountered porphyry stockwork veining and breccia-hosted styles of mineralization and more recently intermediate sulphhidation veins with higher gold-silver contents. Mineralization encountered in drilling this year extends well beyond previously reported mineralization and should result in an increase in reportable mineral resources. Further details on our drill results from last year are contained in the following section.

Outlook for 2019

Exploration activities will continue to focus primarily on the AntaKori project in 2019. An updated NI 43-101 mineral resource estimate is scheduled to be completed in Q1-2019 and will include all results from the Phase 1 drilling program. The Phase 2 drilling program has commenced and will continue throughout 2019 with a plan for 2 rigs operating until the end of the wet season (April) at which time the rig count will be increased. Subject to availability of funding, the Phase 2 program is projected for 25,000-35,000 m in 2019 and will form the basis for an additional updated mineral resource estimate in early 2020. The 2019 exploration program will also see increased emphasis on acquisition of surface rights as the drilling extends to the north in previously un-drilled areas. As the AntaKori project continues to increase in size there will be a corresponding increase in investment in social programs to enhance community development in the areas close to the project..

A limited drilling program has been proposed at the Golden Brew project in Nevada to follow up on encouraging results from 2017 drilling. Subject to Board approval and drill rig and crew availability, this program will be scheduled for sometime in 2019.

Mineral Property Review

This review has been prepared by John Black, CEO and Director of the Company. The scientific and technical data contained in the section has been reviewed and approved by Dr. Kevin B. Heather, BSc (Hons), MSc, PhD, FAusIMM, Chief Geological Officer of the Company, who serves as a qualified person (QP) under the definitions of National Instrument 43-101.

The Company owns, or has the right to acquire controlling interests in, a project located in Peru (the AntaKori Property) and the right to acquire an interest in a project located in Nevada (the Golden Brew Property). The Company also holds a project in Chile and an early stage prospect in Canada.

AntaKori Project

The flagship project for Regulus is the AntaKori Cu-Au-Ag project located in northern Peru. This project has a NI 43-101 inferred resource of 294.8 million tonnes grading 0.48% Cu, 0.36 g/t Au and 10.16 g/t Ag (please refer to Southern Legacy Minerals news release of July 3, 2012 and Table 1 below). The resource, based on 17,952 m of drilling, is only reported for the portion of the mineralized system that is owned or controlled by Regulus, and is open for expansion in several directions.

Table 1. AntaKori Cu-Au-Ag Project
Summary of 43-101 Resources

Resource Type	Inferred Category						
	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)
In-Pit	125.4	0.25	0.28	6.6	1.0	0.8	26.6
Underground	169.4	0.44	0.63	12.8	2.4	2.4	69.6
Total	294.8	0.36	0.48	10.2	3.4	3.1	93.3

i) Estimates were calculated using Inverse Distance Squared method
ii) Estimates were calculated within a Whittle Pit and limited to Southern Legacy Peru's property mineral tenure
ii) In-pit cut-off grade of 0.2% Cu equivalent
iv) Underground resources assume Block Caving at 0.5% Cu equivalent cut-off
v) Metal prices utilized for estimate were US$1,500/oz Au, US$25/oz Ag and US$3.50/lb Cu

AntaKori Overview

The AntaKori project is located in northern Peru and hosts a large Cu-Au-Ag skarn system with associated breccias and porphyry-style mineralization developed in sedimentary and intrusive rocks, and an overprint of epithermal, high-sulphidation mineralization in the overlying volcanic rocks. A NI 43-101 technical report entitled "Technical Report – Southern Legacy Minerals Inc., - AntaKori Project, Peru", dated July 2, 2012 and prepared by Scott E. Wilson, C.P.G. was filed on SEDAR and can be viewed at www.sedar.com under the profile "Southern Legacy Minerals Inc.". The NI 43-101 technical report reports an inferred resource of 294.8 million tonnes grading 0.48% Cu, 0.36 g/t Au and 10.16 g/t Ag (see Table 1 above and refer to the Southern Legacy Minerals news release of July 3, 2012). The resource is based on 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.

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 (recently auctioned by the Peruvian Government to Southern Copper)

Highlights of the AntaKori project include the following:

- The Company owns or controls 20 mineral concessions, for a total of 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 was completed in 70 drill holes (22 reverse circulation drill holes and 48 diamond drill holes) by previous operators.
- An Independent NI 43-101 report has documented a large Cu-Au-Ag skarn system with associated mineralized breccias 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 scope of the mineralized system at AntaKori offers significant upside potential but it will require several years and extensive drilling to better define this project.

The project is being explored under definitive agreements with Compañía Minera Coimolache S.A. ("Coimolache") (the "Coimolache DA") and Compañía Minera Colquirrumi S.A. ("Colquirrumi") (the "Colquirrumi DA"), companies that hold mineral concessions immediately adjacent to, and inter-fingering with AntaKori. These agreements allow for mutual access, mutual rights of expansion and collaborative exploration of the project area, providing benefit to all three parties. Coimolache is a mining company that owns and operates the Tantahuatay gold-silver mine immediately adjacent to the southern margin of AntaKori. The principal shareholders of Coimolache are Compañía de Minas Buenaventura S.A.A. ("Buenaventura" – 40% and operator) and Southern Peru Copper S.A.A. (44%). The Coimolache DA allows for mutual access, mutual rights of expansion and collaborative exploration with a principal objective of determining the size and nature of the AntaKori copper-gold deposit and a secondary objective of allowing the expansion of Coimolache's Tantahuatay oxide gold mine by way of lay-back onto Regulus' mining concessions. Colquirrumi is a wholly owned subsidiary of Buenaventura. The Colquirrumi DA allows Regulus an option to earn-in to up to a 70% interest in a large area (2,571 hectares) of Colquirrumi mining concessions located immediately to the north and east of Regulus' mining concessions and also providing Colquirrumi with an option to claw-back to a 70% interest by making a cash payment to Regulus.

Regulus commenced drilling at AntaKori in April 2017 with an objective to confirm and extend the known mineralization. The initial phase of drilling (D1) was completed in October 2018 and will form the basis to calculate an updated Resource Estimate scheduled for completion in Q1-2019. A total of 20.332 m was completed on Regulus concessions in 31 drill holes (27 Regulus holes and 4 holes initiated by CMC that continued onto Regulus concessions). Drilling has continued directly into a phase two (D2) program with three additional holes completed to date..

Significant Results During the Current Period to the Date of this Report

In November 2017, the Company announced the results from drill holes: AK-17-003A, drilled by Regulus, and parts of DHSF17-161 and DHSF17-164, drilled by Coimolache onto Regulus mineral concessions (see news release dated November 30, 2017 at www.regulusresources.com).

AK-17-003A (938.1m) and DHSF17-161 (689m) were completed to targeted depths and cut both epithermal and skarn styles of mineralization, with well-developed skarn in the underlying Cretaceous calcareous sedimentary sequence. DHSF17-164 (303.8m) is a shallow hole that only crossed Regulus concessions for the interval from 78.9-109.7m depth within Miocene volcanic rocks. The more significant results from these three holes are listed below.

Highlights from drill holes AK-17-003A, DHSF17-161 – AntaKori project:

- DHSF17-161: 323.4 m with 0.52% Cu, 0.15 g/t Au and 8.28 g/t Au from 266.6 m depth
  - including 110.5 m with 0.67% Cu, 0.20 g/t Au and 11.81 g/t Ag
    - including 27.55 m with 1.03 % Cu, 0.24 g/t Au and 21.63 g/t Ag
  - including 53.00 m with 1.10% Cu, 0.23 g/t Au and 13.25 g/t Ag
    - including 28.00 m with 1.77 % Cu, 0.35 g/t Au, 20.94 g/t Ag and 0.77% Zn
  - All mineralization as skarn with relatively low As contents
  - 400 m step out from any previous drilling on Regulus concessions

- AK-17-003A: 596.6 m with 0.35% Cu, 0.24 g/t Au and 5.49 g/t Ag from 241.1 m depth
  - including 144.7 m with 0.63% Cu, 0.57 g/t Au and 9.42 g/t Ag (epithermal high sulphidation mineralization)
    - including 51.9 m with 0.95% Cu, 0.98 g/t Au and 8.18 g/t Ag
  - including 107.5 m with 0.28% Cu, 0.15 g/t Au and 7.07 g/t Ag (skarn mineralization)
  - including 119.0 m with 0.34% Cu, 0.15 g/t Au and 2.08 g/t Ag (skarn mineralization)

In April 2018, the Company announced the results from six additional drill holes: AK-17-004 to AK-17-009 (see news rlease dated April 13, 2018 at www.regulusresources.com).

Highlights from drill holes AK-004 through AK-009 – AntaKori project:

- AK-17-006:
  - 31.37 m with 1.91% Cu, 0.11 g/t Au and 4.05 g/t Ag (2.03% CuEQ) from 99 m depth (where hole enters Regulus ground)
    - High-sulphidation style mineralization in Miocene volcanic sequence
  - 326 m with 0.35% Cu, 0.34 g/t Au and 23.44 g/t Ag from 266.5 m depth (0.81% CuEQ)
    - including 102.68 m with 0.47 % Cu, 0.52 g/t Au and 13.52 g/t Ag (0.96% CuEQ)
    - Skarn and breccia style mineralization with lower As contents

- AK-18-007:
    - 387.75 m with 0.41% Cu, 0.18 g/t Au and 7.82 g/t Ag (0.61% CuEQ) from 219 m depth
        - including 200.25 m with 0.61 % Cu, 0.22 g/t Au and 10.77 g/t Ag (0.85% CuEQ)
    - at 730.83 m depth the hole exits Regulus ground and enters into Compania Minera Coimolache ground. The final portion of the hole in Regulus ground consists of strongly brecciated and veined Farrat Formation quartzite, with the final 4.60 m interval in Regulus ground averaging 0.79% Cu, 0.23 g/t Au and 3.99 g/t Ag (0.99% CuEQ) with elevated Mo contents.

- AK-18-008:
    - 437.35 m with 0.45% Cu, 0.18 g/t Au and 4.95 g/t Ag (0.62% CuEQ) from 84 m depth
        - including 81 m with 1.03 % Cu, 0.26 g/t Au and 6.67 g/t Ag (1.28% CuEQ)
    - 237.6 m with 0.38% Cu, 0.14 g/t Au and 2.68 g/t Ag (0.50% CuEQ) from 595 m depth

- AK-18-009:
    - 258.09 m with 0.43% Cu, 0.29 g/t Au and 4.62 g/t Ag (0.68% CuEQ) from 8 m depth
        - including 101.04 m with 0.65 % Cu, 0.44 g/t Au and 7.85 g/t Ag (1.03% CuEQ)
        - High-sulphidation epithermal style mineralization in Miocene volcanic sequence
    - 145.48 m with 0.70% Cu, 0.42 g/t Au and 11.97 g/t Ag (1.11% CuEQ) from 288 m depth
        - Well developed skarn with lower As contents
    - The above two intervals are separated by a 22 m interval of post-mineral dike
    - Drill hole was lost at 433.35 m in well mineralized skarn

In July 2018, the Company announced the results from four additional drill holes: AK-18-010 to AK-18-013 (see news release dated July 11, 2018 at www.regulusresources.com).

Highlights from drill holes AK-010 through AK-013 – AntaKori project:

- AK-18-010:
    - 327.35 m with 0.91% Cu, 0.44 g/t Au and 9.84 g/t Ag (1.31% CuEQ) from 293 m depth including:
    - 65.22 m with 1.86 % Cu, 1.03 g/t Au and 21.95 g/t Ag (2.80% CuEQ) from 310 m depth
        - High-sulphidation style mineralization in Miocene volcanic sequence
    - 140.41 m with 1.03% Cu, 0.41 g/t Au and 8.22 g/t Ag (1.39% CuEQ) from 480 m depth
        - Skarn with strong phyllic overprint and low As contents

- AK-18-012:
    - 222.10 m with 0.41% Cu, 0.22 g/t Au and 7.55 g/t Ag (0.64% CuEQ) from 24 m depth
        - High-sulphidation style mineralization in Miocene volcanic sequence
- AK-18-013:
    - 537.40 m with 0.49% Cu, 0.23 g/t Au and 6.31 g/t Ag (0.71% CuEQ) from 126.50 m depth including:
    - 185.00 m with 0.76% Cu, 0.26 g/t Au and 6.85 g/t Ag from 126.50 m depth (1.00% CuEQ)
        - High-sulphidation style mineralization in Miocene volcanic sequence
    - 352.40 m with 0.35% Cu, 0.21 g/t Au and 6.03 g/t Ag from 311.50 m depth (0.56% CuEQ)
        - Skarn and breccia style mineralization with lower As contents

In August 2018, the Company announced the results from three additional drill holes: AK-18-014 to AK-18-016 (see news release dated August 8, 2018 at www.regulusresources.com).

Highlights from drill holes AK-18-014 through AK-18-016 – AntaKori project:

- AK-18-014:
    - 713.99 m with 0.68% Cu, 0.38 g/t Au and 7.59 g/t Ag (1.02% CuEQ) from 4.7 m depth
      Including:
    - 387.69 m with 0.99% Cu, 0.51 g/t Au and 10.56 g/t Ag (1.45% CuEQ) from 331 m depth
        - Mineralized skarn with local HS overprint along structures

      Which further includes:
    - 130.85 m with 1.74% Cu, 0.65 g/t Au and 15.67 g/t Ag (2.34% CuEQ) from 481.9 m depth
        - Mineralized skarn locally overprinted by HS structures and from 590 m locally overprinted by late, porphyry-related phyllic alteration

- AK-18-015:
  - 396.03 m with 0.59% Cu, 0.46 g/t Au and 14.68 g/t Ag (1.05% CuEQ) from 129.46 m depth
    Including:
  - 81.10 m with 1.00% Cu, 0.68 g/t Au and 27.23 g/t Ag (1.74% CuEQ) from 229.40 m depth
    - High-sulphidation style mineralization in Miocene volcanic sequence

    And:
  - 70.10 m with 0.97% Cu, 1.18 g/t Au and 23.85 g/t Ag (2.02% CuEQ) from 335.31 m depth
    - Mixed interval with HS mineralization in Miocene volcanic sequence and mineralized skarn in the underlying Cretaceous sedimentary sequence
- AK-18-016:
  - 136.60 m with 2.50% Cu, 1.62 g/t Au and 10.57 g/t Ag (3.75% CuEQ) from 107.30 m depth
    - High-sulphidation style mineralization in Miocene volcanic sequence

    Including:
  - 11.15 m with 8.74% Cu, 5.17 g/t Au and 51.88 g/t Ag (12.90% CuEQ) from 223.70 m depth
    Which further includes:
  - 2.15 m with 24.49% Cu, 16.65 g/t Au and 161.58 g/t Ag (37.83% CuEQ) from 232.70 m depth
    - Massive enargite-bornite-pyrite-covellite vein

In November 2018, the Company announced the results from five additional drill holes: AK-18-017 to AK-18-021 (see news release dated November 15, 2018 at www.regulusresources.com).

Highlights from drill holes AK-18-017 through AK-18-021 – AntaKori project:

- AK-18-017:
  - 127.35 m with 0.23% Cu, 0.25 g/t Au and 2.90 g/t Ag (0.43% CuEq) from 7 m depth
  - 283.50 m with 0.26% Cu, 0.16 g/t Au and 3.08 g/t Ag (0.40% CuEq) from 199.20 m depth
  - 110.29 m with 0.28% Cu, 0.13 g/t Au and 1.87 g/t Ag (0.39% CuEq) from 535.96 m depth
  - 102.20 m with 0.48% Cu, 0.13 g/t Au and 3.24 g/t Ag (0.60% CuEq) from 741.60 m depth
  - 71.80 m with 0.41% Cu, 0.10 g/t Au and 1.62 g/t Ag (0.4% CuEq) from 868.20 m depth
  - High-sulphidation style epithermal mineralization to a depth of 399.30 m
  - This hole is on the same section as well-mineralized holes AK-18-009 and AK-18-014, however no Cretaceous sedimentary sequence was encountered as it was cut out by a large breccia body which hosts low to moderate grade Cu-Au-Ag mineralization, with moderate arsenic contents, associated with chlorite-sericite alteration.
- AK-18-018:
  - Drilled along the eastern margin of the known mineral resource and the easternmost hole of the current drilling program.
  - The hole collared directly into marble and distal-facies skarn within the Cretaceous sedimentary sequence.
  - Mineralization is notably weaker and more erratic than other holes drilled to date, with several mineralized zones of 12-58 m length separated by zones of weak to no mineralization.
  - Metasomatism and skarn development increases down the hole towards the northeast, suggesting a vector towards a higher temperature source in that direction.
- AK-18-019:
  - 145.18 m with 0.23% Cu, 0.21 g/t Au and 6.58 g/t Ag (0.43% CuEq) from 170.10 m depth
    Predominantly high-sulphidation style mineralization in Miocene volcanic sequence
    Including:
  - 36.28 m with 0.26% Cu, 0.30 g/t Au and 10.78 g/t Ag (0.58% CuEq) from 279.00 m depth
    Which further includes:
  - 6.98 m with 0.78% Cu, 0.93 g/t Au and 17.58 g/t Ag (1.60% CuEq) from 308.30 m depth
    Skarn in Cretaceous sedimentary sequence
  - At 308.30 m depth the drill hole exits Regulus concessions after just entering into well mineralized skarn in underlying Cretaceous sediments. Drill hole continues to a total depth of 800.37 m just outboard from Regulus concessions. Although results from the lower portion of this hole cannot be herein reported, they can be used to estimate resources on Regulus ground.

- AK-18-020:
  - Drill hole enters into Regulus concessions at a depth of 172.88 m in strong mineralization
  - 270.92 m with 0.54% Cu, 0.86 g/t Au and 51.24 g/t Ag (1.62% CuEq) from 172.88 m depth
    Including:
  - 103.82 m with 1.00% Cu, 1.85 g/t Au and 121.60 g/t Ag (3.43% CuEq) from 172.88 m depth
    Which further includes (from 190.85-199.10 m):
  - 8.25 m with 0.86% Cu, 16.44 g/t Au, 1179 g/t Ag, 1.07% Zn and 2.51% Pb
    Which further includes:
  - 2.15 m with 1.54% Cu, 54.07 g/t Au, 4044 g/t Ag, 0.83% Zn and 1.77% Pb
  - Which further includes:
  - 0.65 m with 3.15% Cu, 151.50 g/t Au, 9950 g/t Ag, 1.24% Zn and 5.51% Pb

  - Mineralization in this hole is hosted in skarn which is locally cut by numerous irregular base metal carbonate veins and veinlets (i.e., intermediate sulphidation) with later breccia including those veins as fragments. True width of the zone of veining is difficult to ascertain without additional drilling.
  - Veins contain coarse chalcopyrite-pyrite-galena-sphalerite-sulfosalt-quartz assemblage with very local visible native gold andwire silver in the higher grade intervals. They clearly post-date the age of skarn mineralization.
  - Intervals reported above do not have higher grades cut – see discussion below for cut grades.
  - This is the northernmost drill hole completed in this current campaign and the first to test the northern margin of the currently reported resource.

- AK-18-021:
  - 619.20 m with 0.67% Cu, 0.43 g/t Au and 7.30 g/t Ag (1.05% CuEq) from 127 m depth
    Including:
  - 341.85 m with 1.00% Cu, 0.60 g/t Au and 9.40 g/t Ag (1.52% CuEq) from 127.00 m depth
    High-sulphidation style mineralization in Miocene volcanic sequence
    Which further includes:
  - 135.70 m with 2.17% Cu, 1.31 g/t Au and 17.53 g/t Ag (3.27% CuEq) from 217.40 m depth
    High-sulphidation style mineralization in Miocene volcanic sequence
    and
  - 180.85 m with 0.27% Cu, 0.23 g/t Au and 4.66 g/t Ag (0.48%CuEq) from 468.85 m depth
    Skarn in underlying Cretaceous sedimentary sequence

The Phase 1 drill program was completed in October 2018 with a total of 20,332 m drilled through hole AK-18-027. Drilling continued directly into the Phase 2 program with an additional three holes completed to date (2,961 m from AK-18-028 through AK-18-030). The Phase 1 program successfully completed the objective of confirming and extending the previously reported resource at AntaKori and will provide the basis for the preparation of an updated mineral Resource Estimate scheduled to be completed in Q1-2019.

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 Company completed an initial field review of this project in 2015 with emphasis on determination of potential for higher grade mineralization and to better understand the social and environmental setting of the project. Based upon this review, the Company does not plan any significant work on this project in the near future. Accordingly, all previous exploration expenditures on this project ($1,771,466) have been written-off. The Company has subsequently determined that it will relinquish the property and is currently evaluating the most efficient manner to do so with consideration to potential recovery of tax credits. During the year ended September 30, 2018, the Company wrote off exploration expenditures of $Nil (2017 - $78,938).

Golden Brew Overview

The Company has an option agreement with Highway 50 Gold Corp. 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. Upon earn-in the parties will form a joint venture on a 50/50 basis. A minimum US$500,000 firm commitment in the first year was delayed by Force Majeure when the permitting process for the project was slowed as the requisite agencies dealt with a request by the U.S. Fish and Wildlife Service to have the Sage-Grouse designated as a species of interest. The Company received guidance from U.S. Forest Service personnel that noise restriction parameters will be observed within 3 miles of active Sage-Grouse mating grounds ("Leks") between the dates of March 1 and June 30. An active Lek is located within this distance from planned exploration activities at the Property. The Company received the final permit allowing the parties to commence drilling on August 1, 2017. As such, the firm commitment of US$500,000 in exploration expenditures was due 120 days from August 1, 2017 (obligation met by September 30, 2017) with all subsequent annual work commitments deferred accordingly. An additional work commitment of US$750,000 in exploration expenditures must be completed by May 28th, 2019 to maintain the option agreement in good standing for a total of US1,250,000 in expenditures by that date.

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 favorable 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. 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.

In January 2018, the Company announced the results of the 2017 five hole reverse circulation drill program comprised of 2,939 metres (9,640 feet). Drilling at Golden Brew is testing a Carlin type arsenic-antimony-gold system located within an uplifted horst block on the western edge of a shallowly buried Lower-plate Window. The area of interest is outboard of a large zone of auriferous (to 4 g/t gold) jasperoid exposed on the lower slopes of the Toiyabe Mountain Range. Bedrock was intersected in all holes beneath 207 to 466 metres (680 to 1,530 feet) of postmineral valley fill. Drilling was widely spaced, targeting zones of structural complication, gravity lows, and magnetic lows as indicated by geophysical surveys. All the drill holes intersected deeply oxidized sections of thin-bedded silty limestone with oxidation consisting of pervasive limonite/hematite staining and accompanied by local weak to moderate decalcification. Locally, this alteration has highly elevated values in arsenic (to 828 ppm) and antimony (to 812 ppm) with anomalous gold (to 67 ppb). Of note, drill hole GBR-17-07 in the southwest corner of the area intersected a zone of pyritic carbonaceous gouge from 1,980 feet to 2,000 feet, which has highly anomalous arsenic (to 829 ppm), antimony (to 130 ppm), and elevated gold (to 55 ppb). This hole bottomed in mineralization.

In summary, drilling to date at Golden Brew has established a substantial area of altered, oxidized and geochemically-anomalous thin-bedded silty limestones – favourable hosts for Carlin-style mineralization, within a structurally complex Lower-plate Window. Mineralization here exhibits all the characteristics of a large Carlin-type system. Based upon the results, follow-up drilling is warranted and a limited drilling program will be proposed for 2019.

Other Projects Overview

Fireweed, British Columbia, Canada

The Fireweed Property is a polymetallic Ag, Zn, Pb, Cu, Au prospect of massive sulphide and sulphide replacement type mineralization located in central British Columbia, approximately 55 km east-northeast of the city of Smithers. The property is 10 km northwest former Granisle Mine, 5 km west of the former Bell Copper Mine, and 17 km southwest of the undeveloped Morrison deposit. The Fireweed property is the only property held by Regulus Resources in Canada and management is currently looking to option the project to a third party.

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 IFRS guidelines.

All in 1,000's except Loss per share and Number of shares	2018	2017	2016
Working capital	$ 17,387	$ 4,604	$ 12,311
General and administration expenses	3,380	3,846	4,465
Net loss	4,607	3,493	6,210
Loss per share	0.06	0.05	0.10
Loss per share (fully diluted)	0.06	0.05	0.10
Total assets	58,270	31,592	33,542
Exploration and evaluation assets	33,640	23,665	18,617
Other non-current assets	3,794	1,005	442
Total liabilities	3,862	2,674	2,666
Share capital(1)(2)	122,323	92,897	92,469
Number of shares(1)(2)	91,002,794	68,888,667	68,368,083
Accumulated deficit	70,272	65,655	62,173

(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, 2018 Compared to the Year Ended September 30, 2017

During the year ended September 30, 2018, loss from operating activities was $4,606,802 compared to loss from operating activities of $3,492,515 for the year ended September 30, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $1,442,042 in share-based compensation. Share-based compensation was $287,050 for the year ended September 30, 2018 compared to $1,729,092 for the year ended September 30, 2017 due to the timing of vesting of stock options issued.

- An increase of $116,265 in consulting fees and an increase of $140,435 in investor relations and shareholder information. Consulting fees were $200,091 for the year ended September 30, 2018 compared to $83,826 for the year ended September 30, 2017 and investor relations and shareholder information were $203,112 for the year ended September 30, 2018 compared to $62,677 for the year ended September 30, 2017 due to a higher volume of activities related to the arrangement agreement to spin out the Argentine assets.

- A loss of of $7,094 on foreign exchange for the year ended September 30, 2018 compared to a gain of $568,756 for the year ended September 30, 2017. The difference was mainly the result of fluctuations of the US$, the Argentinian Peso, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current year as compared to the prior year.

Results of Operations for the Three Months Ended September 30, 2018 Compared to the Three Months Ended September 30, 2017

During the three months ended September 30, 2018, loss from operating activities was $2,324,164 compared to loss from operating activities of $1,050,536 for the three months ended September 30, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $201,955 in share-based compensation. Share-based compensation was $41,996 for the period ended September 30, 2018 compared to $243,951 for the period ended September 30, 2017 due to the timing of vesting of stock options issued.

- An increase of $32,564 in consulting fees, an increase of $55,091 in investor relations and shareholder information and an increase of $243,001 in legal fees. Consulting fees were $58,803 for the period ended September 30, 2018 compared to $26,239 for the period ended September 30, 2017, investor relation and shareholder information were $77,774 for the period ended September 30, 2018 compared to $22,683 for the period ended September 30, 2017 and legal fees were $249,208 for the period ended September 30, 2018 compared to $6,207 for the period ended September 30, 2017 due to a higher volume of activities related to the arrangement agreement to spin out the Argentine assets.

- A loss of $1,041,355 on foreign exchange for the period ended September 30, 2018 compared to $808,375 for the period ended September 30, 2017. The difference was mainly the result of fluctuations of the US$, the Argentinian Peso, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current period as compared to the prior period.

Cash Flow

Operating Activities

Cash outflow from operating activities was $4,422,469 for the year ended September 30, 2018 compared to cash outflow of $2,655,290 for the year ended September 30, 2017. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under "Results from Operations".

Financing Activities

Cash inflow from financing activities was $29,361,582 for the year ended September 30, 2018 compared to $371,685 for the year ended September 30, 2017. The increase in cash inflow results primarily from proceeds received from exercise of options and warrants during the current year.

Investing Activities

Cash outflow from investing activities was $11,933,012 for the year ended September 30, 2018 compared to $4,879,219 for the year ended September 30, 2017. The increase in cash outflow results primarily from an increase in expenditures on exploration and evaluation assets in the current year compared to the prior year.

Summary of Quarterly Results

The following is a summary of certain selected unaudited financial information for the most recent eight fiscal quarters.

All in $1,000's except loss (gain) per share	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Working capital (deficiency)	$17,387	$(3,124)	$617	$4,297
Loss (gain)	$2,324	$1,309	$392	$582
Loss (gain) per share	$0.01	$0.02	$0.01	$0.01
Loss (gain) per common share (diluted)	$0.01	$0.02	$0.01	$0.01
Total assets	$58,270	$35,880	$34,061	$34,158
Total liabilities	$3,862	$4,471	$2,696	$2,360
Deficit	$70,272	$67,948	$66,639	$66,247

All in $1,000's except loss (gain) per share	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Working capital (deficiency)	$4,604	$8,085	$10,004	$11,375
Loss (gain)	$1,051	$1,522	$(516)	$1,437
Loss (gain) per share	$0.01	$0.02	$0.01	$0.02
Loss (gain) per common share (diluted)	$0.01	$0.02	$0.01	$0.02
Total assets	$31,592	$30,654	$32,019	$32,495
Total liabilities	$2,674	$1,577	$1,682	$1,988
Deficit	$65,665	$64,615	$63,093	$63,609

Liquidity and Capital Resources

Cash at September 30, 2018 totaled $19,678,786 compared to $6,815,719 at September 30, 2017. Working capital at September 30, 2018 was $17,386,525 compared to $4,604,128 as at September 30, 2017. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. {I would switch the order of the two prior sentences}

Exploration and evaluation of assets at September 30, 2018 totaled $33,640,074 compared to $23,664,855 as at September 30, 2017

During the year ended September 30, 2018, the Company closed a private placement of 10,852,039 common shares at $1.90 per share for proceeds of $20,596,374. The Company paid finder's fees of $448,361 cash and 187,307 broker warrants at a fair value of $133,937 exercisable at a price of $1.90 until September 27, 2020. The Company also issued 11,842 of the common shares included in the private placement as a finance fee for no proceeds. 2,502,040 of the common shares were restricted from trading for four months as at September 30, 2018, but such restrictions were removed subsequently on November 14, 2018.

During the year ended September 30, 2018, the Company received proceeds of $1,907,250 from the exercise of 4,238,334 options at a price of $0.45 per option and received proceeds of $6,440,508 from the exercise of 7,023,754 warrants at an average price of $0.92 [is that number right?] per warrant.

During the year ended September 30, 2017, the Company received proceeds of $101,250 from the exercise of 225,000 options at a price of $0.45 per option and received proceeds of $270,435 from the exercise of 295,584 warrants at an average price of $0.91 per warrant.

During the year ended September 30, 2018, the CEO loaned the Company $460,122 ($350,000 USD) and was repaid $395,611 ($300,000 USD) through a private placement. The loans and accrued interest were repaid in full subsequent to September 30, 2018.

During the year ended September 30, 2018, the CFO loaned the Company $800,000. The loans and accrued interest were repaid in full subsequent to September 30, 2018.

During the year ended September 30, 2018, the CGO loaned the Company $300,000 and was repaid the amount in full through a private placement.

The ability of the Company to recover the costs it has incurred to date on its exploration and evaluation assets is dependent upon the Company being able to finance its exploration and development expenditures and to resolve any environmental, regulatory or other constraints which may hinder the successful exploitation or disposal of its exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

Share Capital

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

As at the date of this report, the Company had 90,994,594 common shares issued and outstanding and the following stock options and warrants outstanding:.

Stock Options

Exercise Price	Number Outstanding	Expiry Date
$ 1.50	2,100,000	September 2, 2021
$ 1.84	100,000	December 28, 2022
$ 2.00	50,000	July 11, 2023
	2,250,000	

Warrants

Exercise Price	Number Outstanding	Expiry Date
$ 1.60	4,217,452	January 27, 2020
$ 1.90	187,307	September 27, 2020
	4,404,759	

Related Party Transactions

During the year ended September 30, 2018, the Company entered into the following transactions with key management personnel and related parties.

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director of the Company. For the year ended September 30, 2018, DBD Resources was paid $257,408 (2017 - $209,190). Management services paid to DBD Resources are classified as management fees expense in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $21,503 (2017 – $Nil) to DBD Resources and $Nil (September 30, 2017 – $27,377) to Mr. John Black for the expenses incurred in the normal course of the business. During the year ended September 30, 2018, Mr. John Black loaned the Company $460,122 ($350,000 USD) and was repaid $395,611 ($300,000 USD) through a private placement. The loan accrues simple interest at 10% per annum, is due on September 30, 2018, and is unsecured. As at September 30, 2018, Mr. John Black was owed $72,735 ($56,374 USD) which included accrued interest of $8,224 ($6,374 USD). The loans and accrued interest were repaid in full subsequent to September 30, 2018.

b) For the year ended September 30, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $225,233 in consulting fees (2017 – $194,671). Consulting fees paid or accrued to Mr. Pickmann are classified as management fees expense in the consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued $177,776 (2017 - $181,609) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $94,078 (for fees or expenses?) (September 30, 2017 - $Nil) to Mr. Pickmann and owed $101,062 (2017 – $756) to the law firm at which Mr. Pickmann was a partner.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the year ended September 30, 2018, Unicus was paid $50,000 (2017 – $50,000). Management services paid to Unicus are classified as management fees expense in the consolidated statements of operations and comprehensive loss.

   During the year ended September 30, 2018, Mr. Mark Wayne loaned the Company $800,000. The loan accrues simple interest at 10% per annum, is due on September 30, 2018, and is unsecured. As at September 30, 2018, Mr. Mark Wayne was owed $817,454 which included accrued interest of $17,454. The loans and accrued interest were repaid in full subsequent to September 30, 2018.

d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the year ended September 30, 2018, Rock Doctor was paid $257,408 (2017 – $209,190). Amounts paid to Rock Doctor are classified as management fees in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $43,007 (September 30, 2017 – $Nil) to Rock Doctor (for fees or expenses?). During the year ended September 30, 2018, Dr. Kevin B. Heather loaned the Company $300,000. The loan accrues simple interest at 10% per annum, is due on September 30, 2018, and is unsecured. The loan was repaid in full through a private placement, however $4,767 in accrued interest remained outstanding at September 30, 2018.

e) Two non-executive directors were paid $32,105 (2017 - $15,000) for professional services. Amounts paid to non-executive directors are classified as management fees in the consolidated statements of operations and comprehensive loss.

   At September 30, 2018, the Company owed $12,902 (September 30, 2017 – $Nil) to non-executive directors.

f) The Company incurred $67,037 of expenses on behalf of Aldebaran Resources Inc., a company with common directors and management which spun-out subsequent to September 30, 2018. This balance is included in receivables.

g) The Company holds 2,000,000 common shares (2017 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with directors in common, included within long term investments.

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 years ended September 30, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2018			
Chief Executive Officer	$ 257,408	$ 18,872	$ 276,280
Chief Geological Officer	257,408	18,872	276,280
Chief Financial Officer	50,000	18,872	68,872
Chief Operating Officer	225,233	18,872	244,105
Non-executive directors	32,105	37,744	69,849
	$ 822,154	$ 113,232	$ 935,386
Year ended September 30, 2017			
Chief Executive Officer	$ 209,190	$ 164,284	$ 373,474
Chief Geological Officer	209,190	164,284	373,474
Chief Financial Officer	50,000	164,284	214,284
Chief Operating Officer	194,671	164,284	358,955
Non-executive directors	15,000	328,568	343,568
	$ 678,051	$ 985,704	$ 1,663,755

Aside from loans with terms specifically disclosed above, amounts due to related parties have no specific terms of repayment, are unsecured, and have no interest rate.

Investor Relations

In April 2018, the Company executed an agreement with Ms. Laura Brangwin to provide investor relations services to the Company (the "IR Agreement"). Ms. Brangwin is paid on an hourly basis up to USD$2,500 per month and was granted 50,000 stock options of the Company at $2.00 for a 5-year period under the terms and conditions of the Company's Stock Option Plan. Ms. Brangwin does not own any shares of Regulus.

Financial and Capital Risk Management

Please refer to the September 30, 2018 consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the September 30, 2018 consolidated financial statements on www.sedar.com.

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 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 or directors 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).