REGULUS RESOURCES INC

(the "Company")

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
As at

	December 31, 2018	September 30, 2018
ASSETS		
Current		
Cash	$ 14,397,432	$ 19,678,786
Receivables (Note 7)	440,546	597,686
Prepaid expenses and deposits	1,492,739	560,403
	16,330,717	20,836,875
Assets held for distribution to shareholders (Note 12)	-	2,564,846
	16,330,717	23,401,721
Long-term investments (Note 7)	436,000	890,000
Property and equipment	460,864	338,675
Exploration and evaluation assets (Note 5)	37,210,398	33,640,074
	$ 54,437,979	$ 58,270,470
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 2,838,409	$ 2,282,842
Due to related parties (Note 7)	22,436	272,552
Loans payable (Note 7)	-	894,956
	2,860,845	3,450,350
Liabilities held for distribution to shareholders (Note 12)	-	411,735
	2,860,845	3,862,085
Equity		
Capital stock (Note 6)	104,124,561	122,323,481
Accumulated other comprehensive loss	(6,759,219)	(5,393,485)
Share compensation reserve (Note 6)	7,750,542	7,750,542
Deficit	(53,538,750)	(70,272,153)
	51,577,134	54,408,385
	$ 54,437,979	$ 58,270,470

Nature and continuance of operations (Note 1)
Commitments (Note 11)
Subsequent events (Note 13)

Approved by the Board:

Director:	**Director:**
”*John Black*”	“*Mark Wayne*”
John Black	Mark Wayne

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

	Three months ended Decmeber 31, 2018	Three months ended December 31, 2017
EXPENSES		
Accounting and audit	$ 35,302	$ 50,965
Amortization	10,047	8,340
Bank charges and interest	811	7,310
Consulting fees (recovery)	(36,041)	19,885
Fees and taxes	-	4,338
Insurance	10,625	11,544
Interest expense	-	7,267
Investor relations and shareholder information	70,051	24,595
Legal (Note 7)	56,161	53,988
Management fees (Note 7)	204,392	196,527
Office and administration	77,205	31,401
Rent	22,342	45,625
Share-based compensation (Note 6, 7)	-	119,548
Telephone	3,164	4,916
Transfer agent and listing fees	43,393	4,908
Travel	26,370	29,181
Wages and benefits	-	8,229
	(523,822)	(628,567)
OTHER ITEMS		
Gain on foreign exchange	34,695	265,178
Recovery of prepaid expenses	-	46,514
Write-off of receivables	(295,467)	(286,526)
Gain on transfer of spin-out assets (Note 4)	17,517,997	-
Interest income	-	21,602
INCOME (LOSS) FOR THE PERIOD	16,733,403	(581,799)
Items that may be reclassified subsequently to profit and loss:		
Change in fair market value of long-term investment	(454,000)	(167,000)
Items that will not be reclassified subsequently to profit and loss:		
Translation adjustment	(911,734)	(221,803)
Comprehensive income (loss) for the period	$ 15,367,669	$ (970,602)
Income (loss) per common share – basic and diluted	$ 0.17	$ (0.01)
Weighted average number of common shares outstanding	**90,994,683**	**72,817,699**

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars

	Number of Shares	Capital Stock	Accumulated Other Comprehensive Loss	Share Compensation Reserve	Deficit	Total
Balance, September 30, 2017	68,888,667	$ 92,896,977	$ (6,708,360)	$ 8,394,225	$ (65,665,351)	$ 28,917,491
Shares issued on exercise of warrants	5,330,555	3,731,388	-	-	-	3,731,388
Share-based compensation	-	-	-	119,548	-	119,548
Fair value adjustment to long-term investment	-	-	(167,000)	-	-	(167,000)
Foreign exchange adjustment	-	-	(221,803)	-	-	(221,803)
Loss for the period	-	-	-	-	(581,799)	(581,799)
Balance, December 31, 2017	74,219,222	$ 96,628,365	$ (7,097,163)	$ 8,513,773	$ (66,247,150)	$ 31,797,825
Balance, September 30, 2018	91,002,794	$ 122,323,481	$ (5,393,485)	$ 7,750,542	$ (70,272,153)	$ 54,408,385
Shares returned to treasury	(8,200)	-	-	-	-	-
Transfer of net assets pursuant to spin-out (Note 4)	-	(18,198,920)	-	-	-	(18,198,920)
Fair value adjustment to long-term investment	-	-	(454,000)	-	-	(454,000)
Foreign exchange adjustment	-	-	(911,734)	-	-	(911,734)
Income for the period	-	-	-	-	16,733,403	16,733,403
Balance, December 31, 2018	90,994,594	$ 104,124,561	$ (6,759,219)	$ 7,750,542	$ (53,538,750)	$ 51,577,134

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)
For the three months ended December 31,

	2018	2017
Cash Flows from Operating Activities		
Net income (loss) for the period	$ 16,733,403	$ (581,799)
Items not affecting cash:		
Amortization	10,047	8,340
Gain on transfer of spin-out assets	(17,517,997)	-
Interest expense	-	7,267
Share-based compensation	-	119,548
Recovery of prepaid expenses	-	(46,514)
Write-off of receivables	295,467	286,526
Changes in non-cash working capital items:		
Receivables	(138,328)	(284,441)
Prepaid expenses and deposits	(933,757)	57,983
Accounts payable and accrued liabilities	492,724	(415,908)
Due to related parties	(241,116)	(14,940)
Net cash used in operating activities	(1,299,557)	(863,938)
Cash Flows from Financing Activities		
Cash transferred to Aldebaran pursuant to the spin-out of assets	(192,867)	-
Proceeds from exercise of warrants	-	3,731,388
Repayment of loans payable	(894,200)	-
		-
Net cash provided by (used in) financing activities	(1,087,067)	3,731,388
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(119,561)	(1,964)
Exploration and evaluation assets, net of recoveries	(2,623,563)	(3,159,627)
Net cash used in investing activities	(2,743,124)	(3,161,591)
Effect of foreign exchange on cash	(151,606)	(351,891)
Change in cash for the period	(5,281,354)	(646,032)
Cash, beginning of period	19,678,786	6,815,719
Cash, end of period	$ 14,397,432	$ 6,169,687

Supplemental disclosures with respect to cash flows (Note 8)

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

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, Chile, the USA, and Canada.

At the date of these interim condensed 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 December 31, 2018 the Company had working capital of $13,469,872. 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 4).

These interim condensed consolidated financial statements were authorized by the audit committee and by the board of directors of the Company on February 28, 2019.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements. They should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2018, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The interim condensed 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 interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of these interim condensed 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 interim condensed consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

<u>Judgments</u>

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 interim condensed 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.

Estimates

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.

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.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 7). 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 interim condensed 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) 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

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at September 30, 2018. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2018.

New standards, interpretations and amendments not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2019 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these interim condensed consolidated financial statements are not expected to have a material effect on the Company's future results and financial position:

- 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting standards adopted during the period

- 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 amended standard was adopted on October 1, 2018 and did not have an impact on the condensed consolidated interim financial statements.

- IFRS 9 – Financial Instruments ("IFRS 9") - On October 1, 2018, the Company adopted IFRS 9 which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

  The following summarizes the significant changes in IFRS 9 compared to the current standard:

  - IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.

  - The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

The following is the new accounting standard adopted during the period:

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive.

The classification determines the method by which the financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Receivables and reclamation bonds are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and investments are classified as FVTPL.

Impairment
An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial liabilities
Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the balance sheet at amortized cost.

As at December 31, 2018, the Company does not have any derivative financial liabilities.

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 interim condensed consolidated financial statements.

4. PLAN OF ARRANGEMENT

Upon receiving final approval from the TSX-Venture Exchange 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.

The carrying value of the net assets transferred to Aldebaran, pursuant to the Arrangement consisted of the following assets and liabilities:

Assets acquired and liabilities assumed	
Cash	$ 192,867
Receivables	7,504
Prepaids	1,085
Equipment	879
Exploration and evaluation assets	913,055
Accounts payable and accrued liabilities	(11,010)
Site resoration	(423,457)
Net assets acquired:	**680,923**
Fair value of net assets distributed	**18,198,920**
Gain on transfer of spin-out assets	**$17,517,997**

In accordance with IFRIC 17, Distribution of Non-cash Assets to Owners, the Company recognized the distribution of net assets to Regulus shareholders at fair value with the difference between that value and the carrying amount of the net assets.

The fair value of the net assets distributed was based on a share price of Aldebaran of $0.60 per share multiplied by the total number of shares issued, 30,331,534. The $0.60 price was based on the trading price of the Aldebaran shares in the first few weeks after they were listed for trading on the TSX Venture Exchange. The Arrangement resulted in a reduction of share capital amounting to $18,198,920.

(Expressed in Canadian Dollars)

5. 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 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 Peru, Chile, the U.S. and Canada.

	December 31, 2018	September 30, 2018
AntaKori property, Peru	$ 35,976,742	$ 32,417,136
Golden Brew property, Nevada, USA	$ 1,233,656	$ 1,222,938
	$ 37,210,398	$ 33,640,074

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Total
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	173,855	1,627,974	-	-	1,801,829
Assets held to be distributed to shareholders	(814,971)	(1,628,274)	-	-	(2,443,245)
Balance, September 30, 2018	-	-	1,222,938	32,417,136	33,640,074
Additions:					
Administrative services	-	-	804	7,459	8,263
Field operations	-	-	-	2,701,891	2,701,891
Labour	-	-	-	51,398	51,398
Property payments	-	-	2,438	421,635	424,073
Recoveries	-	-	-	(777,715)	(777,715)
Third party services	-	-	7,476	208,177	215,653
	-	-	10,718	2,612,845	2,623,563
Foreign exchange movement	-	-	-	946,761	946,761
Balance, December 31, 2018	$ -	$ -	$ 1,233,656	$ 35,976,742	$ 37,210,398

(Expressed in Canadian Dollars)

5. 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

5. 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.

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.

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, Puchuldiza, and Golden Brew properties, the Company holds a 100% interest in the Fireweed property in British Columbia, Canada.

During the period ended December 31, 2018, Rio Grande, Aguas Calientes, El Camino, Catua, Oscuro and La Frontera properties in Argentina were spun-out into a separate company (Note 4). In connection with the spin-out, these properties was re-classified to assets held for distribution to shareholders as at September 30, 2018 (Note 12).

(Expressed in Canadian Dollars)

6. 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 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 period ended December 31, 2018, the Company returned 8,200 common shares to treasury.

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.

The following table summarized movements in stock options outstanding for the period ended December 31, 2018:

	Number of Options	Weighted Average Exercise Price
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
Options expired/forfeited	(50,000)	1.50
Balance, December 31, 2018	2,200,000	$ 1.53
Number of options currently exercisable	2,100,000	$ 1.53

The following table summarizes information about stock options outstanding at December 31, 2018:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$ 1.50	2,050,000	2,050,000	September 2, 2021
1.84	100,000	50,000	December 28, 2022
2.00	50,000	-	July 11, 2023
	2,200,000	2,100,000	

(Expressed in Canadian Dollars)

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

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
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 and December 31, 2018	4,404,759	$ 1.61

The following table summarizes information about warrants outstanding at December 31, 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	

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 period ended December 31, 2018, the Company recognized $Nil (2017 - $119,548) in share-based compensation expense with respect to options vested during the period.

7. RELATED PARTY TRANSACTIONS

The interim condensed 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

7. RELATED PARTY TRANSACTIONS (cont'd…)

During the period ended Decmeber 31, 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 period ended December 31, 2018, DBD Resources was paid $66,760 (2017 - $64,010). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 – $21,503) to DBD Resources. 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 6). The loan accrued simple interest at 10% per annum, was due on September 30, 2018, and was unsecured. During the period ended December 31, 2018, the Company repaid the loan in full with a payment of $72,735 ($56,374 USD) which included accrued interest of $8,224 ($6,374 USD).

b) For the period ended December 31, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $58,415 in consulting fees (2017 – $56,007). Consulting fees paid or accrued to Mr. Pickmann are classified as management fees expensed in the interim condensed consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued $35,820 (2017 - $45,532) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 - $94,078) to Mr. Pickmann and owed $22,436 (September 30, 2018 – $101,062) 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 period ended December 31, 2018, Unicus was paid $12,500 (2017 – $12,500). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 – $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 accrued simple interest at 10% per annum, was due on September 30, 2018, and was unsecured. During the period ended December 31, 2018, the loan was paid in full with a payment of $817,454 which included accrued interest of $17,454.

d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, Chief Geological Officer of the Company. For the period ended December 31, 2018, Rock Doctor was paid $66,717 (2017 – $64,010). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 – $43,007) to Rock Doctor. During the year ended September 30, 2018, Mr. Kevin Heather loaned the Company $300,000. The loan accrued simple interest at 10% per annum, was due on September 30, 2018, and was unsecured. The loan was repaid in full through a private placement (Note 6), and subsequent to December 31, 2018, a payment of $4,767 was made for accrued interest.

e) At December 31, 2018, the Company owed $Nil (September 30, 2018 – $12,209) to non-executive directors.

f) The Company incurred $3,609 of expenses on behalf of Aldebaran Resources Inc., a company with common directors and management which spun-out during the period ended December 31, 2018. This balance is included in receivables.

g) The Company holds 2,000,000 common shares (September 30, 2018 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with directors in common, included within long term investments.

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS (cont'd…)

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 period ended December 31, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Three months ended December 31, 2018			
Chief Executive Officer	$ 66,760	$ -	$ 66,760
Chief Geological Officer	66,717	-	66,717
Chief Financial Officer	12,500	-	12,500
Chief Operating Officer	58,415	-	58,415
	$ 204,392	$ -	$ 204,392

	Fees and Bonus	Share-based Benefits	Total
Three months ended December 31, 2017			
Chief Executive Officer	$ 64,010	$ 11,358	$ 75,368
Chief Geological Officer	64,010	11,358	75,368
Chief Financial Officer	12,500	11,358	23,858
Chief Operating Officer	56,007	11,358	67,365
Non-executive directors	-	22,717	22,717
	$ 196,527	$ 68,149	$ 264,676

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.

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these interim condensed consolidated financial statements, the significant non-cash transactions for the periods ended December 31, 2018 and 2017 included:

a) $1,621,340 (2017 - $113,304) in accounts payable and accrued liabilities related to exploration and evaluation assets.

For the three months ended December 31	2018	2017
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ 30,445	$ -

(Expressed in Canadian Dollars)

9. 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, Plant and Equipment	Exploration and Evaluation Assets	Other Assets
Decmeber 31, 2018				
Canada	$ 14,589,528	$ -	$ -	$ 14,589,528
Peru	38,592,491	460,864	35,976,742	2,154,885
Chile	22,304	-	-	22,304
United States	1,233,656	-	1,233,656	-
	$ 54,437,979	$ 460,864	$ 37,210,398	$ 16,766,717

	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

	2018	2017
Loss (income) for the three months ended December 31		
Canada	$ (18,306,785)	$ 341,627
Bermuda	-	8,032
Peru	1,467,746	126,838
Chile	63,378	-
Argentina	42,258	105,302
	$ (16,733,403)	$ 581,799

10. 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.

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

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 interim condensed 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 December 31, 2018, the Company had a cash balance of $14,397,432 to settle current liabilities of $2,860,845.

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.

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$, the Chilean peso ("C-Peso") and the Peruvian nuevo sol ("PEN"). A 10% fluctuation in the US$, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $724,000.

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 $43,600.

(Expressed in Canadian Dollars)

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

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.

11. 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

12. 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 on October 25, 2018. The disposal group is part of the Company's only segment, which is the exploration and development of exploration and evaluation assets.

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

(Expressed in Canadian Dollars)

12. ASSETS HELD FOR DISTRIBUTION TO SHAREHOLDERS (cont'd…)

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

13. SUBSEQENT EVENTS

Subseqent to the period ended December 31, 2018, the Company issued 5,550,000 stock options to directors, officers, employees and consultants at an exercise price of $1.60 with an expiry date of February 4, 2024.

Management's Discussion and Analysis

For the Three Months Ended December 31, 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 February 28, 2019 and should be read in conjunction with the interim condensed consolidated financial statements for the three months ended December 31, 2018 and 2017, the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The following should also be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2018 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 "spin-out" transaction described below.

The following is a summary of the significant milestones since October 1, 2018 to date.

Spin-Out

Upon receiving final approval from the TSX-Venture Exchange 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.

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 acquisistion 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

The Phase 1 drill program at AntaKori 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) which have not yet been reported. 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.

In January 2019, the Company announced the results from drill holes AK-18-022 through AK-18-027 (see news release dated January 30, 2019 at www.regulusresources.com). All of the holes encountered significant mineralization with the most notable results from hole AK-18-026 along the northern margin of drilling completed to date.

Highlights from drill holes AK-18-022 through AK-18-027 – AntaKori Project:

- AK-18-026:
    - 236.35 m with 0.53% Cu, 0.63 g/t Au and 12.09 g/t Ag (1.09% CuEq) from 87.55 m depth
      including
    - 33.96 m with 2.46% Cu, 3.02 g/t Au and 37.92 g/t Ag (4.96% CuEq) from 153.15 m depth
    - Both high-sulphidation epithermal and skarn with overprint of carbonate base metal intermediate sulphidation veining

      and
    - 145.10 m with 0.35% Cu, 0.14 g/t Au and 10.17 g/t Ag (0.54% CuEq) from 351.30 m depth
    - Skarn mineralization

and
- 473.20 m with 1.16% Cu, 0.21 g/t Au and 8.43 g/t Ag (1.39% CuEq) from 640.50 m depth
  including
- 88.00 m with 1.50% Cu, 0.38 g/t Au and 19.32 g/t Ag (1.95% CuEq) from 647.00 m depth
  and
- 51.80 m with 1.95% Cu, 0.49 g/t Au and 12.61 g/t Ag (2.41% CuEq) from 762.30 m depth
  and
- 42.10 m with 2.24% Cu, 0.15 g/t Au and 5.13 g/t Ag (2.39% CuEq) from 890.40 m depth
  and
- 55.55 m with 1.93% Cu, 0.09 g/t Au and 4.12 g/t Ag (2.04% CuEq) from 968.00 m depth
- Well developed breccia in Farrat Formation quarzite that is cemented by pyrite, chalcopyrite, bornite, chalcocite and magnetite with minor late infilling of enargite and tennantite. The orientation of the breccia body is currently undetermined. This is the most significant occurrence of bornite encountered to date at the project.

- AK-18-027:
  - 344.9 m with 0.30% Cu, 0.16 g/t Au and 7.89 g/t Ag (0.49% CuEq) from 266.90 m depth
  - Predominantly as skarn
    and
  - 160.65 m with 0.29% Cu, 0.12 g/t Au and 1.22 g/t Ag (0.39% CuEq) from 764.65 m depth
  - Zone of abundant porphyry dikes cutting skarn and quartzite

- AK-18-025:
  - 514.85 m with 0.27% Cu, 0.37 g/t Au and 10.78 g/t Ag (0.63% CuEq) from 104.80 m depth
  - Drilled from same platform as AK-18-026 and AK-18-023 but oriented to north
  - Mineralization is predominanty as skarn in underlying Cretaceous sedimentary sequence

- AK-18-024:
  - 601.09 m with 0.35% Cu, 0.17 g/t Au and 5.22 g/t Ag (0.51% CuEq) from 68.38 m depth
    and
  - 120.50 m with 0.43% Cu, 0.10 g/t Au and 2.62 g/t Ag (0.52% CuEq) from 768.65 m depth
  - The upper interval is predominantly skarn but the lower interval is hosted in brecciated Farrat Formation quartzites with notably higher copper grades associated with pyrite-chalcopyrite-bornite as fracture filling and breccia matrix.

- AK-18-023:
  - 270.91 m with 0.18% Cu, 0.22 g/t Au and 8.92 g/t Ag (0.42% CuEq) from 104.19 m depth
    and
  - 86.60 m with 0.23% Cu, 0.11 g/t Au and 4.03 g/t Ag (0.34% CuEq) from 415.50 m depth
  - Drilled from same platform as AK-18-026 but at a more shallow angle to the north
  - Hole was lost prior to full target depth due to difficult drilling conditions

- AK-18-022:
  - 332.67 m with 0.35% Cu, 0.34 g/t Au and 7.68 g/t Ag (0.66% CuEq) from 119.63 m depth
    including
  - 71.66 m with 0.76% Cu, 0.91 g/t Au and 8.94 g/t Ag (1.50% CuEq) from 178.74 m depth
    further including
  - 13.50 m with 1.63% Cu, 2.44 g/t Au and 21.21 g/t Ag (3.56% CuEq) from 221.50 m depth
  - High-sulphidation style mineralization in Miocene volcanic sequence to a depth of 252.60 m with low to moderate grade skarn below

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 has been approved 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

Results of Operations for the Three Months Ended December 31, 2018 Compared to the Three Months Ended December 31, 2017

During the three months ended December 31, 2018, income from operating activities was $16,733,403 compared to loss from operating activities of $581,799 for the three months ended December 31, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $119,548 in share-based compensation. Share-based compensation was $Nil for the period ended December 31, 2018 compared to $119,548 for the period ended December 31, 2017 due to the timing of vesting of stock options issued.

- A decrease of $55,926 in consulting fees. Consulting fees were a recovery of $36,041 for the period ended December 31, 2018 compared to an expense of $19,885 for the period ended December 31, 2017 due to certain consulting fees being charged to Aldebaran subsequent to the completion of the spin-out.

- A gain of of $34,695 on foreign exchange for the period ended December 31, 2018 compared to a gain of $265,178 for the period ended December 31, 2017. The difference was mainly the result of fluctuations of the US$, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current period as compared to the prior period.

During the period ended December 31, 2018, the Company recorded a gain on transfer of spin-out assets of $17,517,997 (2017 - $Nil) and a write-off of recevables of $295,467 (2017 - $286,526). The gain recorded is a non-cash item that reflects the value of the Aldebaran shares received by the Company in exchange for the spinout of its Argentina projects. See Note 4 of the accompanying financial statements.

Cash Flow

Operating Activities

Cash outflow from operating activities was $1,299,557 for the period ended December 31, 2018 compared to cash outflow of $863,938 for the period ended December 31, 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 outflow from financing activities was $1,087,067 for the period ended December 31, 2018 compared to cash inflow of $3,731,388 for the period ended December 31, 2017. The cash outflows in the current period are primarily the result of the repayment of loans payable and the cash inflows from the previous period are primarily from proceeds received from exercise of warrants.

Investing Activities

Cash outflow from investing activities was $2,743,124 for the period ended December 31, 2018 compared to $3,161,591 for the period ended December 31, 2017. The cash outflows are primarily from expenditures on exploration and evaluation assets in the current and previous periods.

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	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Working capital (deficiency)	$13,470	$17,387	$(3,124)	$617
Loss (gain)	$(16,733)	$2,324	$1,309	$392
Loss (gain) per share	$(0.17)	$0.01	$0.02	$0.01
Loss (gain) per common share (diluted)	$(0.17)	$0.01	$0.02	$0.01
Total assets	$54,438	$58,270	$35,880	$34,061
Total liabilities	$2,861	$3,862	$4,471	$2,696
Deficit	$53,539	$70,272	$67,948	$66,639

All in $1,000's except loss (gain) per share	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Working capital (deficiency)	$4,297	$4,604	$8,085	$10,004
Loss (gain)	$582	$1,051	$1,522	$(516)
Loss (gain) per share	$0.01	$0.01	$0.02	$0.01
Loss (gain) per common share (diluted)	$0.01	$0.01	$0.02	$0.01
Total assets	$34,158	$31,592	$30,654	$32,019
Total liabilities	$2,360	$2,674	$1,577	$1,682
Deficit	$66,247	$65,665	$64,615	$63,093

During the period ended December 31, 2018, the Company recorded a gain on transfer of spin-out assets of $17,517,997 and a reduction in share capital of $18,198,920.

Liquidity and Capital Resources

Cash at December 31, 2018 totaled $14,397,432 compared to $19,678,786 at September 30, 2018. Working capital at Decmeber 31, 2018 was $13,469,872 compared to $17,386,525 as at September 30, 2018. 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.

Exploration and evaluation of assets at December 31, 2018 totaled $37,210,398 compared to $33,640,074 as at September 30, 2018

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	2,050,000	September 2, 2021
$ 1.84	100,000	December 28, 2022
$ 2.00	50,000	July 11, 2023
$ 1.60	5,550,000	February 4, 2024
	7,750,000	

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 period ended Decmeber 31, 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 period ended December 31, 2018, DBD Resources was paid $66,760 (2017 - $64,010). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 – $21,503) to DBD Resources. 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 accrued simple interest at 10% per annum, was due on September 30, 2018, and was unsecured. During the period ended December 31, 2018, the Company repaid the loan in full with a payment of $72,735 ($56,374 USD) which included accrued interest of $8,224 ($6,374 USD).

b) For the period ended December 31, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $58,415 in consulting fees (2017 – $56,007). Consulting fees paid or accrued to Mr. Pickmann are classified as management fees expensed in the interim condensed consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued $35,820 (2017 - $45,532) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of operations and comprehensive loss.

At December 31, 2018, the Company owed $Nil (September 30, 2018 - $94,078) to Mr. Pickmann and owed $22,436 (September 30, 2018 – $101,062) 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 period ended December 31, 2018, Unicus was paid $12,500 (2017 – $12,500). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 – $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 accrued simple interest at 10% per annum, was due on September 30, 2018, and was unsecured. During the period ended December 31, 2018, the loan was paid in full with a payment of $817,454 which included accrued interest of $17,454.

d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, Chief Geological Officer of the Company. For the period ended December 31, 2018, Rock Doctor was paid $66,717 (2017 – $64,010). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2018, the Company owed $Nil (September 30, 2018 – $43,007) to Rock Doctor. During the year ended September 30, 2018, Mr. Kevin Heather loaned the Company $300,000. The loan accrued simple interest at 10% per annum, was due on September 30, 2018, and was unsecured. The loan was repaid in full through a private placement, and subsequent to December 31, 2018, a payment of $4,767 was made for accrued interest.

e) At December 31, 2018, the Company owed $Nil (September 30, 2018 – $12,209) to non-executive directors.

f) The Company incurred $3,609 of expenses on behalf of Aldebaran Resources Inc., a company with common directors and management which spun-out during the period ended December 31, 2018. This balance is included in receivables.

g) The Company holds 2,000,000 common shares (September 30, 2018 – 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 period ended December 31, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Three months ended December 31, 2018			
Chief Executive Officer	$ 66,760	$ -	$ 66,760
Chief Geological Officer	66,717	-	66,717
Chief Financial Officer	12,500	-	12,500
Chief Operating Officer	58,415	-	58,415
	$ 204,392	$ -	$ 204,392

	Fees and Bonus	Share-based Benefits	Total
Three months ended December 31, 2017			
Chief Executive Officer	$ 64,010	$ 11,358	$ 75,368
Chief Geological Officer	64,010	11,358	75,368
Chief Financial Officer	12,500	11,358	23,858
Chief Operating Officer	56,007	11,358	67,365
Non-executive directors	-	22,717	22,717
	$ 196,527	$ 68,149	$ 264,676

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 January 2019, the Company amended an agreement with Ms. Laura Brangwin to provide investor relations services to the Company (the "IR Agreement"). Ms. Brangwin is now paid USD$2,500 per month and in February 2019, was granted an additional 25,000 stock options of the Company at $1.60 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 December 31, 2018 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the December 31, 2018 interim condensed 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).

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Contingencies

There are no contingent liabilities.

Internal Controls Over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Other MD&A Requirements

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

Disclosure for Venture Issuers without Significant Revenue

An analysis of the material components of the Company's general and administrative expenses is disclosed in the condensed interim consolidated financial statements for the period ended December 31, 2018 to which this MD&A relates. An analysis of the material components of the exploration and evaluation assets of the Company is disclosed in the condensed interim consolidated financial statements for the period ended December 31, 2018 to which this MD&A relates.

Risks and Uncertainties

The Company is engaged in the acquisition and exploration of exploration and evaluation assets. These activities involve significant risks which careful evaluation, experience and knowledge may not, in some cases eliminate the risk involved. The commercial viability of any material deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations, have an impact on the economic viability of a mineral deposit.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Annual losses are expected to continue until the Company has an interest in an exploration and evaluation asset that produces revenues. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover its operating costs. The Company's accompanying financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the Company and other factors.