(the "Company")

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2019 AND 2018

(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, 2019	September 30, 2019
ASSETS		
Current		
Cash	$ 8,661,036	$ 3,036,369
Receivables (Note 4, 6)	809,442	831,292
Prepaid expenses and deposits	884,060	540,020
	10,354,538	4,407,681
Long-term investments (Note 7)	178,000	358,000
Property and equipment	554,832	474,481
Exploration and evaluation assets (Note 4)	48,260,723	44,430,445
	$ 59,348,093	$ 49,670,607
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 3, 6)	$ 2,132,765	$ 2,172,238
	2,132,765	2,172,238
Decommissioning liability	325,397	330,994
	2,458,162	2,503,232
Equity		
Capital stock (Note 5)	114,746,407	104,124,561
Accumulated other comprehensive loss	(5,888,217)	(5,308,264)
Share compensation reserve (Note 5)	12,672,117	11,753,485
Deficit	(64,640,376)	(63,402,407)
	56,889,931	47,167,375
	$ 59,348,093	$ 49,670,607

Nature and continuance of operations (Note 1)
Commitments (Note 11)

Approved by the Board:

Director:

”*John Black*”

John Black

Director:

“*Mark Wayne*”

Mark Wayne

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

		Three months ended December 31, 2019		Three months ended December 31, 2018
EXPENSES				
Accounting and audit	$	56,123	$	35,302
Amortization		10,234		10,047
Bank charges and interest		2,927		811
Consulting fees (recovery)		69,351		(36,041)
Finance expense		4,317		-
Insurance		7,001		10,625
Investor relations and shareholder information		62,148		70,051
Legal (Note 6)		80,750		56,161
Management fees (Note 6)		183,144		204,392
Office and administration		127,426		77,205
Rent		21,363		22,342
Share-based compensation (Note 5, 6)		918,632		-
Telephone		5,329		3,164
Transfer agent and listing fees		50,788		43,393
Travel		17,136		26,370
		(1,616,669)		(523,822)
OTHER ITEMS				
Gain on foreign exchange		363,293		34,695
Write-off of receivables		(201)		(295,467)
Gain on transfer of spin-out assets		-		17,517,997
Interest income		15,608		-
(LOSS) INCOME FOR THE PERIOD		(1,237,969)		16,733,403
Items that may be reclassified subsequently to profit and loss:				
Change in fair market value of long-term investment		(180,000)		(454,000)
Items that will not be reclassified subsequently to profit and loss:				
Translation adjustment		(399,953)		(911,734)
Comprehensive (loss) income for the period	$	(1,817,922)	$	15,367,669
Income (loss) per common share – basic	$	(0.02)	$	0.17
Income (loss) per common share – diluted	$	(0.02)	$	0.17
Weighted average number of common shares outstanding - basic		91,466,345		90,994,683
Weighted average number of common shares outstanding - diluted		91,466,345		90,994,683

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN 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, 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	-	(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

	Number of Shares	Capital Stock	Accumulated Other Comprehensive Loss	Share Compensation Reserve	Deficit	Total
Balance, September 30, 2019	90,994,594	$ 104,124,561	$ (5,308,264)	$ 11,753,485	$ (63,402,407)	$ 47,167,375
Shares issued for private placement	10,850,250	11,501,266	-	-	-	11,501,266
Share issuance costs	-	(879,420)	-	-	-	(879,420)
Share-based compensation	-	-	-	918,632	-	918,632
Fair value adjustment to long-term investment	-	-	(180,000)	-	-	(180,000)
Foreign exchange adjustment	-	-	(399,953)	-	-	(399,953)
Loss for the period	-	-	-	-	(1,237,969)	(1,237,969)
Balance, December 31, 2019	101,844,844	$ 114,746,407	$ (5,888,217)	$ 12,672,117	$ (64,640,376)	$ 56,889,931

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,

	2019	2018
Cash Flows from Operating Activities		
Income (loss) for the period	$ (1,237,969)	$ 16,733,403
Items not affecting cash:		
Amortization	10,234	10,047
Finance expense	4,317	-
Gain on transfer of spin-out assets	-	(17,517,997)
Share-based compensation	918,632	-
Write-off of receivables	201	295,467
Changes in non-cash working capital items:		
Receivables	21,649	(138,328)
Prepaid expenses and deposits	(344,040)	(933,757)
Accounts payable and accrued liabilities	365,426	492,724
Due to related parties	-	(241,116)
Net cash used in operating activities	(261,550)	(1,299,557)
Cash Flows from Financing Activities		
Proceeds from private placement	11,501,266	-
Share issuance costs	(879,420)	-
Cash transferred to Aldebaran pursuant to the spin-out of assets	-	(192,867)
Repayment of loans payable	-	(894,200)
		-
Net cash provided by (used in) financing activities	10,621,846	(1,087,067)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	-	(119,561)
Exploration and evaluation assets, net of recoveries	(4,711,937)	(2,623,563)
Net cash used in investing activities	(4,711,937)	(2,743,124)
Effect of foreign exchange on cash	(23,692)	(151,606)
Change in cash for the period	5,624,667	(5,281,354)
Cash, beginning of period	3,036,369	19,678,786
Cash, end of period	$ 8,661,036	$ 14,397,432

Supplemental disclosures with respect to cash flows (Note 8)

1. NATURE AND CONTINUANCE OF OPERATIONS

Regulus Resources Inc. ("Regulus" or the "Company") is a mineral exploration company formed on December 16, 2010.

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, 2019, the Company had working capital of $8,221,773. Regulus recently completed a private placement financing (Note 5) 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.

These interim condensed consolidated financial statements were authorized by the audit committee and approved by the board of directors of the Company on March 2, 2020.

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").

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 year. Actual results could differ from these estimates.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the 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 6). 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, 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, 2019. 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, 2019.

IFRS 16 – Leases ("IFRS 16")

The Company adopted all of the requirements of IFRS 16 Leases ("IFRS 16") as of October 1, 2019. The Company adopted IFRS 16 using the modified retrospective approach, and therefore, the comparative information has not been restated and continues to be reported under IAS 17, *Leases* and IFRIC 4, *Determining whether an arrangement contains a lease*. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize a right-of-use ("ROU") asset and a lease obligation at the lease commencement date.

Accounting policy applicable from October 1, 2019

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset.

The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the earlier of the end of the useful life or the lease term using either the straight-line or units-of-production method, depending on which method more accurately reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments. Future lease payments can arise from a change in an index or rate, if there is a change in the Company's estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the statement of loss if the carrying amount of the ROU asset has been reduced to zero.

Transition to IFRS 16

The Company previously classified leases as operating, or finance leases based on the Company's assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. The Company did not have any finance leases in the comparative periods.

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at October 1, 2019. ROU assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

The Company has elected to apply the practical expedient to not recognize ROU assets and lease liabilities for shortterm leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

An incremental ROU asset and lease liability of $113,467 was recorded as of October 1, 2019, with no net impact on deficit. When measuring the lease liability, the Company discounted lease payments using the incremental borrowing rate of 4.29% at October 1, 2019.

The following table reconciles the Company's operating lease commitments at September 30, 2019, as previously disclosed in the Company's annual audited consolidated financial statements, to the lease liability recognized on initial application of IFRS 16 on October 1, 2019:

Operating lease commitments – September 30, 2019	$	113,467
Effect of discounting using the incremental borrowing rate – October 1, 2019		(14,021)
Lease liability recognized on adoption of IFRS 16 – October 1, 2019	$	99,446

For presentation on the interim condensed consolidated statement of financial position, the current portion of the lease liability was classified within trade and other payables. The ROU asset was included within property, plant and equipment.

4. 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, 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, the U.S. and Canada.

(Expressed in Canadian Dollars)

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

	Golden Brew, Nevada USA	AntaKori, Peru	Total
Balance, September 30, 2018	$ 1,222,938	$ 32,417,136	$ 33,640,074
Additions:			
Administrative services	9,799	7,843	17,642
Change in estimates related to decommissioning liability	-	330,994	330,994
Environmental costs	-	420,097	420,097
Field operations	708,078	8,776,402	9,484,480
Labour	-	225,467	225,467
Property payments	105,692	513,914	619,606
Recoveries	-	(335,052)	(335,052)
Third party services	45,699	950,927	996,626
	869,268	10,890,592	11,759,860
Foreign exchange movement	-	1,122,717	1,122,717
Write-off	(2,010,383)	-	(2,010,383)
Reclassify bond to receivables	(81,823)	-	(81,823)
Balance, September 30, 2019	-	44,430,445	44,430,445
Additions:			
Administrative services	-	395	395
Field operations	-	3,448,695	3,448,695
Labour	-	61,653	61,653
Property payments	-	161,035	161,035
Third party services	-	133,705	133,705
	-	3,805,483	3,805,483
Foreign exchange movement	-	24,795	24,795
Balance, December 31, 2019	$ -	$ 48,260,723	$ 48,260,723

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;

(Expressed in Canadian Dollars)

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

(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

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. In addition, Comolaiche has the right to expand its current Tantahuatay oxide pit by laying back onto certain concessions owned by Regulus (the "Regulus Concessions") but assigned to Coimolache for the specific purpose of exploiting oxide gold mineralization. Coimolache will pay a 5% NSR (the "Coimolache NSR Payments") to Regulus for any precious metals produced from oxide material mined on Regulus Concessions. The layback rights are retricted to oxide mineralization only and are further limited by a floor of 3,800 m above sea level. Coimolache commenced mining on certain of the Regulus Concessions in 2018 and during the year ended September 30, 2018, the Company received or accrued Coimolache NSR Payments for production from the Napoleon concession and Mina Volare concession. Some of the Regulus Concessions are subject to underlying NSR royalties (the "Underlying NSR Royalties") as indicated in the agreement section above. These Underlying NSR Royalties vary from 0-3% with buy out clauses for some of the royalties as indicated. In the event that the Company receives a Coimolache NSR Payment from a Regulus Concession with an Underlying NSR Royalty(ies), the Company must pay the Underlying NSR Royalty payment from proceeds received from the Coimolache NSR Payment. The Company must pay an Underlying NSR Royalty of 1.5% for the portion of the production from the Napoleon concession and of 3.0% for the portion of the production from the Mina Volare concession.

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

AntaKori Project, Peru (cont'd…)

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

During the period ended December 31, 2019, the Company earned royalties of $Nil (year ended September 30, 2019 - $843,139) arising from the terms of the definitive agreement with Coimolache. The Company is also subject to pay NSR's ranging from 1.5% - 3% to the underlying holders of these same claims, which totaled $Nil (year ended September 30, 2019 – $508,087) in the current period. The net amount of $Nil (year ended September 30, 2019 - $335,052) has been offset to the balance of exploration and evaluation assets as a recovery in accordance with the Company's policy in the current period. As at December 31, 2019, accounts receivable included $632,289 (September 30, 2019 - $616,116) relating to these royalties, and accounts payable includes $65,187 (September 30, 2019 - $49,016).

As at December 31, 2019, the Company has $769,877 (September 30, 2019 - $481,388) in drilling advances included in prepaid expenses and deposits.

Puchuldiza Property, Chile

During the year ended September 30, 2019, the Company sold its 100% interest in the Puchuldiza property for $100,000.

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 by May 28, 2022. 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. During the year ended September 30, 2019, the Company wrote-off the Golden Brew property and on October 31, 2019, the Company terminated its Option and returned the project to Highway 50 and therefore has no further commitments on the Option.

In addition to the AntaKori and Golden Brew properties, the Company holds a 100% interest in the Fireweed property in British Columbia, Canada.

5. 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 period ended December 31, 2019, the Company closed a financing comprised of 7,783,875 units of the Company, each comprising one common share and one-half of one common share purchase warrant, at a price of $1.06 per unit, for aggregate gross proceeds of approximately $8,250,908. Pursuant to a concurrent non-brokered private placement, 3,066,375 units were sold to certain funds managed by Route One Investment Co. LP, the Company's largest shareholder, at the offering price, for additional aggregate gross proceeds of approximately $3,250,358. Together with the public offering, the Company raised total gross proceeds of approximately $11,501,266.

During the year ended September 30, 2019, the Company returned 8,200 common shares to treasury.

(Expressed in Canadian Dollars)

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

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, 2019:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2018	2,250,000	$ 1.53
Options granted	5,950,000	1.60
Options expired/forfeited	(100,000)	1.50
Balance, September 30, 2019 and December 31, 2019	8,100,000	$ 1.58
Number of options currently exercisable	3,612,500	$ 1.55

Share-based compensation

The Company recognizes compensation expense for all stock options and warrants granted and vested using the fair value based method of accounting. During the period ended December 31, 2019, the Company recognized $918,632 (2018 - $nil) in share-based compensation expense with respect to options vested during the period.

The following table summarizes information about stock options outstanding at December 31, 2019:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$ 1.50	2,000,000	2,000,000	September 2, 2021
1.84	100,000	100,000	December 28, 2022
2.00	50,000	25,000	July 11, 2023
1.60	5,550,000	1,387,500	February 4, 2024
1.78	200,000	50,000	March 1, 2024
1.40	200,000	50,000	June 6, 2024
	8,100,000	3,612,500	

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	Three months ended December 31, 2019	Year ended September 30, 2019
Risk-free interest rate	-	1.84%
Expected life of grant	-	5 years
Volatility	-	88.27%
Dividend	-	0.00%
Weighted average fair value per option	-	$1.09

(Expressed in Canadian Dollars)

5. 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, 2018 and September 30, 2019	4,404,759	$ 1.61
Warrants issued	5,425,125	1.70
Balance, December 31, 2019	9,829,884	$ 1.66

The following table summarizes information about warrants outstanding at December 31, 2019:

Exercise Price	Number Outstanding	Expiry Date
$ 1.60	4,217,452	January 27, 2021*
1.90	187,307	September 27, 2020
1.70	5,425,125	December 27, 2021
	9,829,884	

* During the period ended December 31, 2019, 4,217,452 warrants with an exercise price of $1.60 and an original expiry date of January 27, 2020, were extended with a new expiry date of January 27, 2021.

6. 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

During the period ended December 31, 2019, 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, 2019, DBD Resources was paid $57,553 (2018 - $66,760). 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, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to DBD Resources.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS (cont'd…)

b) For the period ended December 31, 2019, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $57,530 in consulting fees (2018 – $58,415). Consulting fees paid or accrued to Mr. Pickmann are classified as management fees in the consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued $37,301 (2018 - $35,820) 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, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to Mr. Pickmann and owed $Nil (September 30, 2019 – $Nil) 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, 2019, Unicus was paid $18,750 (2018 – $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, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to Unicus.

d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) ("K.B. Heather") is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the period ended December 31, 2019, K.B. Heather was paid $49,311 (2018 – $66,717). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to K.B. Heather.

e) At December 31, 2019, the Company owed $2,215 (September 30, 2019 - $67,290 recievable) to/from Aldebaran. This balance is included in accounts payable and accrued liabilities at December 31, 2019 and receivables at September 30, 2019.

f) The Company holds 2,000,000 common shares (September 30, 2019 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with a director 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.

The remuneration of directors and other members of key management personnel during the period ended December 31, 2019 and 2018 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2019			
Chief Executive Officer	$ 57,553	$ 141,488	$ 199,041
Chief Geological Officer	49,311	141,488	190,799
Chief Financial Officer	18,750	141,488	160,238
Chief Operating Officer	57,530	141,488	199,018
Non-executive directors	-	101,276	101,276
	$ 183,144	$ 667,228	$ 850,372

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS (cont'd…)

	Fees and Bonus	Share-based Benefits	Total
Period 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

7. LONG-TERM INVESTMENT

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

	Fair Value	Cost
Balance as at September 30, 2018	$ 890,000	$ 740,000
Fair market value adjustments	(532,000)	-
Balance as at September 30, 2019	$ 358,000	$ 740,000
Fair market value adjustments	(180,000)	-
Balance as at December 31, 2019	$ 178,000	$ 740,000

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, 2019 and 2018 included:

a) $1,800,619 (2018 - $1,621,340) in accounts payable and accrued liabilities related to exploration and evaluation assets.

For the period ended December 31	2019	2018
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

(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
December 31, 2019				
Canada	$ 8,794,871	$ -	$ -	$ 8,794,871
Peru	50,365,664	469,996	48,260,723	1,634,945
Chile	20,899	-	-	20,899
United States	81,823	-	-	81,823
	$ 59,263,257	$ 469,996	$ 48,260,723	$ 10,532,538

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2019				
Canada	$ 2,656,644	$ -	$ -	$ 2,656,644
Peru	46,910,602	474,481	44,430,445	2,005,676
Chile	21,538	-	-	21,538
United States	81,823	-	-	81,823
	$ 49,670,607	$ 474,481	$ 44,430,445	$ 4,765,681

	2019	2018
Loss (income) for the period ended December 31		
Canada	$ 2,167,385	$ (18,306,785)
Bermuda	-	-
Peru	(933,733)	1,467,746
Chile	-	63,378
Argentina	-	42,258
	$ 1,233,652	$ (16,733,403)

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.

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

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

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, 2019, the Company had a cash balance of $8,661,036 to settle current liabilities of $2,043,612.

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 $67,000.

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 $17,800.

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.

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

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
2020	$	97,240
2021		16,207
	$	113,467

REGULUS
RESOURCES INC

Management's Discussion and Analysis

For the Three Months Ended December 31, 2019

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 March 2, 2020 and should be read in conjunction with the interim condensed consolidated financial statements for the three months ended December 31, 2019, the audited consolidated financial statements for the year ended September 30, 2019, the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"), and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.regulusresources.com.

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

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

Description of Business and Overview

Regulus was formed in December 2010 in connection with the sale of Antares Minerals Inc. to First Quantum Minerals Ltd. Regulus is managed by the Antares team responsible for the discovery of the Haquira East porphyry copper deposit, which led to the sale of Antares. The goal of the Company is to discover and de-risk a large scale deposit that could ultimately be sold to a major mining company, similar to what was achieved with Antares. Regulus was initially established to continue exploration at its 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 in a region with several large-scale gold and copper mines and deposits and adjacent to two operating mines (Tantahuatay and Cerro Corona). In March 2019, the Company released an updated NI 43-101 resource for AntaKori containing Indicated Resources of 250 million tonnes with a copper grade of 0.48%, gold grade of 0.29 grams per tonne and silver grade of 7.5 grams per tonne, and Inferred Resources of 267 million tonnes with a copper grade of 0.41%, gold grade of 0.26 grams per tonne and silver grade of 7.8 granms 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. In November 2018, all of the Company's assets in Argentina, including the Rio Grande project, were transferred to Aldebaran Resources Inc. as part of a "spin-out" transaction by way of a statutory plan of arrangement.

The following is a summary of the significant milestones from October 1, 2019 to date.

Financing

In December 2019, the Company announced the closing of a bought deal financing, including the exercise in full of the underwriter's option. A total of 7,783,875 units of the Company, each comprising one common share and one half of one common share purchase warrant ("Units"), were sold at a price of C$1.06 per Unit (the "Offering Price"), for aggregate gross proceeds of approximately $8.25 million (the "Public Offering"). Pursuant to a concurrent non-brokered private placement, 3,066,375 Units were sold to certain funds managed by Route One Investment Co. LP, the Company's largest shareholder, at the Offering Price, for additional aggregate gross proceeds of approximately $3.25 million. Together with the Public Offering, the Company raised total gross proceeds of approximately $11.5 million (the "Offering"). BMO Capital Markets acted as the sole underwriter for the Offering. The net proceeds of the Offering will be used to fund exploration and development activities at the Company's AntaKori project, for working capital, and general corporate purposes.

Warrant Extension

In December 2019, the TSX Venture Exchange consented to the extension of the expiry date of 4,217,452 common share purchase warrants (the "Warrants") that were issued pursuant to a private placement which closed on July 27, 2016 for an additional year to January 27, 2021. The Warrants are exercisable into common shares of the Company at an exercise price of $1.60 per common share. All other terms of the Warrants remain the same.

Outlook for 2020

Exploration activities will continue to focus primarily on the AntaKori project in 2020. An updated NI 43-101 mineral resource estimate was completed as scheduled in March 2019 including all results from the Phase I drilling program. The Phase II drilling program is anticipated to consist of approximately 25,000 metres of additional drilling and will form the basis for an additional updated mineral resources estimate. A total of 16,368 m of drilling have been completed to date as part of the Phase II drilling program; of which 14,162 m were completed on Regulus claims, 2,014 m on the Colquirrumi joint venture claims and 191 m on Coimolache claims. The Company has released results from all holes from the 2019 portion of the Phase II program.

In November 2019, the Company received the Declaración de Impacto Ambiental permit ("DIA") which allows up to 40 drill pads for the Anta Norte portion of the project. This offers an opportunity to properly test the various geophysical anomalies which the Company believes may represent mineralization related to a porphyry centre (the magnetic low) surrounded by an annular ring of magnetite-bearing skarns (the magnetic highs). To date, the Company has not been able to adequately test the geophysical anomalies and has been drilling along the southern edges of the targets from currently permitted drill pads. The Company has also received the Authorization to Initiate Exploration Activities (“AIEA”) which was the final permit required to allow drilling in this area. The Company anticipates it will mobilize to newly permitted drill setups covered by the DIA in early Q2 2020.

In addition to drill testing various exploration targets on the Anta Norte portion of the project, the Company also intends to drill additional holes from current drill setups in the main portion of the AntaKori project for the purpose of expanding the current resource. This portion of the 2020 drill progem is expected to start during Q1 2020.

The Company has projected a 2020 exploration budget of $9.3 MM with the majority of the budget dedicated to completing approximately 9,000 m of diamond drilling. The Company will also seek to acquire additional surface rights in key areas during 2020. In addition, the Company will continue to invest in projects, programs and activities to enhance community relations and development in the areas close to the project. The Company has a dedicated community relations team that maintains constant contact with the principal communities in the area of influence of the project.

At the date of this MD&A, the Company has approximately $7.4 MM in cash and cash equivalents. The Company anticipates that additional capital will be raised during 2020 by means of an equity financing or a strategic alliance. If additional financing is not completed, the Phase II drilling program budget at AntaKori will be reduced to approximately $7 MM. This would involve reducing the drill program to about 6,500 m along with reducing expenditures on surface rights and community projects. The only firm commitments for the AntaKori project include 2020 annual concession fees, remediation costs estimated at $50,000 annually and one public works project at an estimated cost of US$300,000.

Longer-term Outlook

Following the completion of the AntaKori Phase II drilling program, the Company plans to prepare an updated mineral resource estimate in the second half of 2020. If the extent of the deposit is largely defined by the Phase II program, the Company would plan to complete a PEA in early 2021. If the extent of the deposit is not defined by the Phase II drilling program, additional drilling (Phase III) would occur prior to the completion of the PEA. Once the PEA is completed, 1-2 years of infill drilling, metallurgy and other pre-feasibility level field investigations would be completed, leading to a Pre-feasibility Study at the earliest possible date of 2022. Completion of all of the Company’s objectives is subject to the Risks and Uncertainties listed at the conclusion of this MD&A, including the ability of the Company to raise additional capital in a timely manner.

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.

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 resource containing Indicated Resources of 250 million tonnes grading 0.48% Cu, 0.29g/t Au and 7.5g/t Ag, and Inferred Resources of 267 million tonnes grading 0.41% Cu, 0.26g/t Au and 7.8g/t Ag (please refer to Regulus news release of March 1, 2019 and table below). The resource estimate is based on historical drilling completed by El Misti Gold (1997-98) and Sinchao Metals (2007-08), as well as new drilling completed through November 2018 by Regulus and drilling data provided through a collaborative agreement established in 2017 with the adjoining property holder (see press release by Regulus dated January 24, 2017). The reported resource is only reported for the portion of the mineralization system that is owned or controlled by Regulus and is open for expansion in several directions.

Table 1 - Summary of AntaKori Mineral Resource Estimate at a 0.3% CuEq Cut-off									
Resource Category	**Million Tonnes**	**Cu Grade (%)**	**Au Grade (g/t)**	**Ag Grade (g/t)**	**CuEq Grade (%)**	**Cu B lbs**	**Au M oz**	**Ag M oz**	**CuEq B lbs**
Indicated	250	0.48	0.29	7.5	0.74	2.6	2.3	61	4.1
Inferred	267	0.41	0.26	7.8	0.66	2.4	2.2	67	3.9

Notes to accompany Indicated and Inferred Mineral Resource table assuming open pit mining methods for AntaKori Project:

1. *Mineral Resources have an effective date of 22 February 2019; Douglas Reid, P. Eng., a Wood employee, is the Qualified Person responsible for the Mineral Resource estimate.*
2. *Inputs to costs for cut-off grade assumes a conventional truck and shovel open pit mine handling and feeding a 60,000 t/d concentrator and producing a copper-gold concentrate with arsenic for sale to specialists in concentrate trading, third-party smelters and refineries.*
3. *Mineral Resources are reported based on a CuEq cut-off of 0.30% constrained within a pit shell.*
4. *Mineral Resources are only reported within Regulus concessions.*
5. *CuEq and AuEq grades and metal contents in this table are mutually exclusive and are not additive.*
6. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
7. *Copper price used is US$6,614/t (US$3.00/lb), gold price is US$1,400/oz, silver price is US$18.00/oz.*
8. *Assumed metallurgical recoveries: copper 85%, gold 55%, silver 50%.*
9. *Assumed pit slope of 45 degrees.*
10. *Assumed open pit mining cost of US$1.85/t plus lift charge to average US$2.00/t, processing cost of US$7.18/t, G&A cost US$1.00/t.*

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, with a later overprint of epithermal, high-sulphidation mineralization associated with the overlying Miocene volcanic rocks. A NI 43-101 technical report entitled "AntaKori Project, Cajamarca Province, Peru, NI 43-101 Technical Report", dated February 22, 2019 and prepared by Amec Foster Wheeler (Perú) S. A., a Wood company, was filed on SEDAR and can be viewed at www.sedar.com under the profile "REGULUS RESOURCES INC". The NI 43-101 technical report reports Indicated Resources of 250 million tonnes grading 0.48% Cu, 0.29g/t Au and 7.5g/t Ag, and Inferred Resources of 267 million tonnes grading 0.41% Cu, 0.26g/t Au and 7.8g/t Ag (please refer to Regulus news release of March 1, 2019 and table above). The estimate is based on historical drilling completed by by El Misti Gold (1997-98) and Sinchao Metals (2007-08), as well as new drilling completed through November 2018 by Regulus Resources and drilling data provided through a collaborative agreement established in 2017 with the adjoining property holder (see press release by Regulus dated Jan 24, 2017). The reported resource is only reported for the portion of the mineralization system that is owned or controlled by Regulus 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 NNW 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 438 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 17,954 m of drilling was completed in 70 drill holes (22 reverse circulation drill holes and 48 diamond drill holes) by previous operators El Misti Gold (1997-98) and Sinchao Metals (2007-08).
- A total of 34,477 m of drilling completed in 50 drill holes on AntaKori concessions by Regulus to date.
- 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.

- Access to infrastructure as property is located adjacent to two operating mines.

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 Regulus AntaKori mineral concessions. 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 a one time option to claw-back to a 70% interest by making a cash payment to Regulus.

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

The Phase I drill program at AntaKori was completed in October 2018 with a total of 22,140 m drilled through hole AK-18-027 (20,325.72m within Regulus concessions). Drilling continued directly into the Phase II program with an additional seventeen holes completed to date (16,369 m from AK-18-028 through AK-18-043). The Phase I program successfully completed the objective of confirming and extending the previously reported resource at AntaKori and provided the basis for the preparation of an updated mineral Resource Estimate which was completed in Q1-2019.

In January 2020, the Company announced the results from Phase II drill holes AK-19-038 to AK-19-043 (see news release dated January 16, 2020).

Highlights from drill holes AK-19-038 through AK-19-043 - AntaKori Project:

- AK-19-038:
  - 15.38 m of 2.14% Cu, 0.38 g/t Au and 24.96 g/t Ag (2.63% CuEq) from 374.82 m

- AK-19-039:
  - 168.75 m of 0.38% Cu, 0.65 g/t Au and 32.69 g/t Ag (1.15% CuEq) from 111.45 m
    - Including 14.10 m of 0.95% Cu, 0.80 g/t Au and 24.92 g/t Ag (1.75% CuEq) from 246.60 m
  - 51.50 m of 0.21% Cu, 0.55 g/t Au and 5.38 g/t Ag (0.65% CuEq) from 383.60 m
    - Including 12.15 m of 0.38% Cu, 1.02 g/t Au and 10.37 g/t Ag (1.20% CuEq)
  - Represents discovery of multiple wide zones of base metal carbonate style epithermal mineralization with significant precious metal content
  - Provides new targets to follow up with future drilling

- AK-19-040:
  - 15.30 m of 0.77% Cu, 0.18 g/t Au and 7.89 g/t Ag (0.97% CuEq) from 370.60 m

- AK-19-041:
  - 341.00 m of 0.57% Cu, 0.28 g/t Au and 9.29 g/t Ag (0.85% CuEq) from 202.00 m
  - Including 64.15 m of 1.71% Cu, 0.79 g/t Au and 13.89 g/t Ag (2.40% CuEq) hosted within a high-sulphidation epithermal zone overprinting skarn
  - 172.13 m of 0.35% Cu, 0.14 g/t Au and 4.11 g/t Ag (0.48% CuEq) from 575.95 m
    - Including 52.00 m of 0.51% Cu, 0.22 g/t Au and 8.35 g/t Ag (0.75% CuEq) hosted in a high-sulphidation epithermal overprint
  - 539.43 m of 0.41% Cu, 0.09 g/t Au and 2.59 g/t Ag (0.50% CuEq) from 1040.10 m
  - Intersected mineralization and grades as expected, similar to the results previously reported for AK-19-034 (which was drilled from the same platform)

- AK-19-042:
  - 417.40 m of 0.23% Cu, 0.13 g/t Au and 3.90 g/t Ag (0.35% CuEq) from 470.60 m
  - 87.35 m of 0.21% Cu, 0.12 g/t Au and 3.12 g/t Ag (0.32% CuEq) from 929.35 m
  - Hosted predominantly in low arsenic skarn and porphyry mineralization

- AK-19-043:
    - 22.50 m of 0.93% Cu, 0.33 g/t Au and 11.71 g/t Ag (1.27% CuEq) from 290.80 m

Further details regarding the mineralized intercepts encoumtered in drill holes AK-18-022 to AK-18-030, AK-19-031 to AK-19-033, AK19-033A and AK-19-034 to AK-19-043 together with a discussion of the results can be found on the Regulus website.

Golden Brew Overview

In August 2019, the Company announced the results of its drill program at Golden Brew explored under an option agreement with Highway 50 Gold Corp. ("Highway 50") whereby the Company could earn a 50% interest in the central Nevada project. The Company completed three holes for a total of 2,280 m to test potential for a covered Carlin style system to meet a work commitment of US$750,000 in exploration expenditures that had to 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. After reviewing the results of the drill program, the Company terminated the option agreement in October 2019 and returned the project to Highway 50.

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 of the 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 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, 2019 Compared to the Three Months Ended December 31, 2018

During the three months ended December 31, 2019, loss from operating activities was $1,237,969 compared to income from operating activities of $16,733,403 for the three months ended December 31, 2018. Significant variances from the same period in the prior year are as follows:

- An increase of $918,632 in share-based compensation. Share-based compensation was $918,632 for the period ended December 31, 2019 compared to $Nil for the period ended December 31, 2018 due to the timing of vesting of stock options issued.

- An increase of $50,221 in office and administration. Office and administration was $127,426 for the period ended December 31, 2019 compared to $77,205 for the period ended December 31, 2018. The variance is due to increased activity in the current period.

- A gain of $363,293 on foreign exchange for the period ended December 31, 2019 compared to $34,695 for the period ended December 31, 2018. The difference was mainly the result of fluctuations of the US$, the Peruvian Nuevo Sol and the CAD$.

During the period ended December 31, 2018, the Company recorded a gain on transfer of spin-out assets of $16,847,997 and a reduction in share capital of $18,198,920.

Cash Flow

Operating Activities

Cash outflow from operating activities was $261,550 for the three months ended December 31, 2019 compared to cash outflow of $1,299,557 for the three months ended December 31, 2018. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under "Results from Operations".

Financing Activities

Cash inflow from financing activities was $10,621,846 for the three months ended December 31, 2019 compared to cash outflow of $1,087,067 for the three months ended December 31, 2018. The cash inflow in the current period was a result of proceeds from an equity financing and cash outflows in the prior period were the result of the repayment of loans payable and cash transferred to Aldebaran pursuant to the spin-out of assets.

Investing Activities

Cash outflow from investing activities was $4,711,937 for the three months ended December 31, 2019 compared to $2,743,124 for the three months ended December 31, 2018. The cash outflows are primarily from expenditures on exploration and evaluation assets in the current and prior period.

Summary of Quarterly Results

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

All in $1,000's except loss (gain) per share	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
Working capital (deficiency)	$8,222	$2,235	$6,269	$10,342
Loss (gain)	$1,238	$2,325	$5,373	$2,165
Loss (gain) per share	$0.02	$0.04	$0.05	$0.03
Loss (gain) per common share (diluted)	$0.02	$0.04	$0.05	$0.03
Total assets	$59,348	$49,671	$50,872	$51,758
Total liabilities	$2,458	$2,503	$1,722	$1,887
Deficit	$64,640	$63,402	$59,077	$55,704
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

During the period ended December 31, 2018, the Company recorded a gain on transfer of spin-out assets of $16,847,997 and a reduction in share capital of $18,198,920.

Liquidity and Capital Resources

Cash at December 31, 2019 totaled $8,661,039 compared to $3,036,369 at September 30, 2019. Working capital at December 31, 2019 was $8,221,773 compared to $2,235,443 as at September 30, 2019. 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. See "Outlook for 2020" above for further details.

On December 27, 2019, the Company closed a financing comprised of 7,783,875 units of the Company, each comprising one common share and one-half of one common share purchase warrant, at a price of $1.06 per unit, for aggregate gross proceeds of approximately $8,250,908. Pursuant to a concurrent non-brokered private placement, 3,066,375 units were sold to certain funds managed by Route One Investment Co. LP, the Company's largest shareholder, at the offering price, for additional aggregate gross proceeds of approximately $3,250,358. Together with the public offering, the Company raised total gross proceeds of approximately $11,501,266.

Exploration and evaluation of assets at December 31, 2019 totaled $48,260,723 compared to $44,430,445 as at September 30, 2019.

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 101,844,844 common shares issued and outstanding and the following stock options and warrants outstanding:

Stock Options

Exercise Price	Number Outstanding	Expiry Date
$ 1.50	2,000,000	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
$ 1.78	200,000	March 1, 2024
$ 1.40	200,000	June 6, 2024
	8,100,000	

Warrants

Exercise Price	Number Outstanding	Expiry Date
$ 1.90	187,307	September 27, 2020
$ 1.60	4,217,452	January 27, 2021
$ 1.70	5,425,125	December 27, 2021
	9,829,884	

Related Party Transactions

During the period ended December 31, 2019, 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, 2019, DBD Resources was paid $57,553 (2018 - $66,760). 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, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to DBD Resources.

b) For the period ended December 31, 2019, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $57,530 in consulting fees (2018 – $58,415). Consulting fees paid or accrued to Mr. Pickmann are classified as management fees in the consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued $37,301 (2018 - $35,820) 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, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to Mr. Pickmann and owed $Nil (September 30, 2019 – $Nil) 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, 2019, Unicus was paid $18,750 (2018 – $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, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to Unicus.

d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) ("K.B. Heather") is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the period ended December 31, 2019, K.B. Heather was paid $49,311 (2018 – $66,717). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At December 31, 2019, the Company owed $Nil (September 30, 2019 – $Nil) to K.B. Heather.

e) At December 31, 2019, the Company owed $2,215 (September 30, 2019 - $67,290 recievable) to/from Aldebaran. This balance is included in accounts payable and accrued liabilities at December 31, 2019 and receivables at September 30, 2019.

f) The Company holds 2,000,000 common shares (September 30, 2019 – 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.

The remuneration of directors and other members of key management personnel during the period ended December 31, 2019 and 2018 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2019			
Chief Executive Officer	$ 57,553	$ 141,488	$ 199,041
Chief Geological Officer	49,311	141,488	190,799
Chief Financial Officer	18,750	141,488	160,238
Chief Operating Officer	57,530	141,488	199,018
Non-executive directors	-	101,276	101,276
	$ 183,144	$ 667,228	$ 850,372

	Fees and Bonus	Share-based Benefits	Total
Period 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

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, 2019 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the December 31, 2019 interim condensed consolidated financial statements on www.sedar.com.

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

A breakdown of the components of the Company's general and administrative expenses is disclosed in the interim condensed consolidated financial statements for the three months ended December 31, 2019 to which this MD&A relates. A breakdown of the components of the exploration and evaluation assets of the Company is disclosed in the interim condensed consolidated financial statements for the three months ended December 31, 2019 to which this MD&A relates.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. There are a number of factors that could negatively affect the Company's business and the value of its common shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to the Company that could have a material impact on the financial condition of the Company. Other factors may arise that are not currently foreseen by management of the Company that may present additional risks in the future. Current and prospective security holders of the Company should carefully consider these risk factors, as they could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The more significant risks, as they relate to the Company's interim condensed consolidated financial statements for the period ended December 31, 2019 and this MD&A, include:

Exploration and Development Risk

The Company's properties are in the exploration stage and are without a known body of commercial ore. Exploration for Mineral Resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: legal and political risk arising from operating in certain developing countries, civil unrest, general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade, metallurgy and proximity to infrastructure and labour), the interpretation of geological data obtained from drilling and sampling, feasibility studies, the cost of water and power; anticipated climatic conditions; cyclical metal prices; fluctuations in inflation and currency exchange rates; higher input commodity and labour costs, commodity prices, government regulations, including regulations relating to prices, taxes, royalties, land tenure and use, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors are beyond the control of the Company. Development projects will also be subject to the successful completion of final feasibility studies, issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of any of these factors may adversely affect the Company's business.

Negative Operating Cash Flow

The Company is an exploration stage company and has not generated cash flow from operations. The Company is devoting significant resources to the development and acquisition of its properties, however there can be no assurance that it will generate positive cash flow from operations in the future. The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it achieves commercial production at a particular project. The Company currently has negative cash flow from operating activities.

Mineral Resource Estimates

The Company's reported Mineral Resources are estimations only. No assurance can be given that the estimated Mineral Resources will be recovered. By their nature, Mineral Resource estimations are imprecise and depend, to a certain extent, upon statistical inferences, which may ultimately prove unreliable because, among other factors, they are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Mineral Resource estimations may require revision (either up or down). There are numerous uncertainties inherent in estimating Mineral Resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any Mineral Resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. There can be no assurance that recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions. In particular, factors that may affect Mineral Resource estimates include:

- changes in interpretations of mineralization geometry and continuity of mineralization zones;
- input parameters used in the Whittle shell that constrains the Mineral Resources amenable to open pit mining methods;
- metallurgical and mining recoveries;
- operating and capital cost assumptions;
- metal price and exchange rate assumptions;
- confidence in modifying factors, including assumptions that surface rights to allow infrastructure to be constructed will be forthcoming;
- delays or other issues in reaching agreements with local or regulatory authorities and stakeholders;
- changes in land tenure requirements or permitting requirements from those discussed in the report; and
- changes in the environmental regulations or laws governing the property.

Changes in key assumptions and parameters could result in a restatement of Mineral Resource estimates. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability and there is no assurance that they will ever be mined or processed profitably. Due to the uncertainty which may attach to Mineral Resources, there is no assurance that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. Any material reductions in estimates of Mineral Resources could have a material adverse effect on the Company's results of operations and financial condition.

Title Risk

The Company has investigated its right to explore and exploit its properties and, to the best of its knowledge, those rights are in good standing. The results of the Company's investigations should not be construed as a guarantee of title. Other parties may dispute the title to a property, or the property may be subject to prior unregistered agreements or liens and transfers or land claims by aboriginal, native, or indigenous peoples. The title may be affected by undetected encumbrances or defects or governmental actions. The Company has not conducted surveys of all of its properties, and the precise area and location of claims or the properties may be challenged and no assurances can be given that there are no title defects affecting such properties. Any defects in the title to the Company's properties could have a material and adverse effect on the Company.

No assurance can be given that applicable governments will not revoke or significantly alter the conditions of the applicable exploration and mining authorizations nor that such exploration and mining authorizations will not be challenged or impugned by third parties. Although the Company has not had any problem renewing its licenses in the past there is no guarantee that it will always be able to do so. Inability to renew a license could result in the loss of any project located within that license.

Foreign Operations Risk

The Company conducts exploration activities in Peru which exposes the Company to risks that may not otherwise be experienced if its operations were located in Canada. The risks include, but are not limited to, civil unrest or war, terrorism, illegal mining, changing political conditions, fluctuations in currency exchange rates, expropriation or nationalization without adequate compensation, changes to royalty and tax regimes, high rates of inflation, labour unrest and difficulty in understanding and complying with the regulatory and legal framework respecting ownership and maintenance of mineral properties. Changes in mining or investment policies or shifts in political attitudes may also adversely affect Corporation’s existing assets and operations. Real and perceived political risk may also affect Corporation’s ability to finance exploration programs and attract joint venture or option partners, and future mine development opportunities.

Numerous countries have introduced changes to mining regimes that reflect increased government control or participation in the mining sector, including, but not limited to, changes of law affecting foreign ownership, mandatory government participation, taxation and royalties, exploration licensing, export duties, and repatriation of income or return of capital. There can be no assurance that industries, which are deemed of national or strategic importance in countries in which the Company has assets, including mineral exploration, will not be nationalized. There is a risk that further government limitations, restrictions or requirements, not presently foreseen, will be implemented. Changes in policy that alter laws regulating the mining industry could have a material adverse effect on the Company. There can be no assurance that the Company’s assets in these countries will not be subject to nationalization, requisition or confiscation, whether legitimate or not, by an authority or body.

In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company.

Metal Price Risk

The Company’s portfolios of properties and investments have exposure to predominantly copper, gold, and silver. Commodity prices fluctuate widely and are affected by numerous factors beyond the Company’s control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metals-producing and metals-consuming countries throughout the world. The prices of these metals greatly affect the value of the Company, the price of the common shares of the Company and the potential value of its properties and investments. This, in turn, greatly affects its ability to form joint ventures, option agreements and the structure of any joint ventures formed. This is due, at least in part, to the underlying value of the Company’s assets at different metals prices.

Uncertainty of Funding

The exploration and development of mineral properties requires a substantial amount of capital and may depend on the Company’s ability to obtain financing through joint ventures, debt financing, equity financing or other means. General market conditions, volatile metals prices, a claim against the Company, a significant disruption to the Company’s business, or other factors may make it difficult to secure the necessary financing. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms. Failure to obtain any necessary additional financing may result in delaying or indefinite postponement of exploration or development or even a loss of property interest. If the Company needs to raise additional funds, such financing may substantially dilute the interests of shareholders of the Company and reduce the value of their investment.

Future Offerings of Debt or Equity Securities

The Company will require additional funds to finance further exploration, development and production activities, or to take advantage of unanticipated opportunities. If the Company raises additional funds by issuing additional equity securities, such financing would dilute the economic and voting rights of the Company’s shareholders. Since the Company’s capital needs depend on market conditions and other factors beyond its control, it cannot predict or estimate the amount, timing or nature of any such future offering of securities. Thus, holders of common shares of the Company bear the risk of any future offerings reducing the market price of the common shares and diluting their shareholdings in the Company.

Currency Risk

The Company will transact business in a number of currencies including but not limited to the Canadian Dollar, the US Dollar, and the Peruvian Nuevo Sol. Fluctuations in exchange rates may have a significant effect on the cash flows of the Company. Future changes in exchange rates could materially affect the Company’s results in either a positive or a negative direction. The Company does not currently engage in foreign currency hedging activities.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Information Systems and Cyber Security

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyberattacks, as well as disruptions resulting from incidents such as cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Corruption and Bribery

The Company is required to comply with anti-corruption and anti-bribery laws, including the Extractive Sector Transparency Measures Act, the Canadian Corruption of Foreign Public Officials Act and the U.S. Foreign Corrupt Practices Act, as well as similar laws in the countries in which the Company conducts its business. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company. The Company has adopted a comprehensive Anti-Corruption Policy in order to mitigate this risk.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. The Company may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, as well as political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political risks.

Environmental Risks

It is possible that future regulatory developments, such as increasingly strict environmental protection laws, climate change policies, regulations and enforcement policies, and claims for damages to property and persons resulting from the Issuer's operations, could result in additional costs and liabilities, restrictions on or suspension of the Issuer's activities and delays in the exploration of and development of its properties

The physical effects of climate change, which may include extreme weather events, resource shortages, changes in rainfall and storm patterns, water shortages and extreme weather events, may have an adverse effect on our operations. Events or conditions such as flooding or inadequate water supplies could disrupt exploration activities and rehabilitation efforts, could create resource shortages and could damage our property or equipment and increase health and safety risks on our properties. Such events or conditions could also have other adverse effects on our operations, our workforce and on the local communities surrounding our properties, such as an increased risk of food, water scarcity and civil unrest.

Tax

The Company runs its business in different countries and strives to run its business in as tax efficient a manner as possible. The tax systems in certain of these countries are complicated and subject to changes. For this reason, future negative effects on the result of the Company due to changes in tax regulations cannot be excluded. Repatriation of earnings to Canada from other countries may be subject to withholding taxes. The Company has no control over withholding tax rates.

Cautionary Note Forward Looking Statements

Certain statements made and information contained herein in the MD&A constitutes “forward-looking information” and forward-looking statements” within the meaning of applicable securities legislation (collectively, “forward-looking information” or “forward-looking statements”) concerning the business, operations, financial performance and condition of the Company. The forward-looking information contained in this MD&A is based on information available to the Company as of the date of this MD&A. Except as required under applicable securities legislation, the Company does not intend, and does not assume any obligation, to update this forward-looking information. Generally, any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance, (often, but not always, identified by words or phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", “projects” , “estimates”, “budgets”, “scheduled”, “forecasts”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential”, “possible”, "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events, conditions or results “will”, "may", "could", "would", “should”, "might" or "will be taken", "will occur" or "will be achieved" or the negative connotations thereof and similar expressions) are not statements of historical fact and may be forward-looking statements.

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding mineral resource estimates, cost estimates, changes in commodity prices, currency fluctuation, financings, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations as well as other risks, and uncertainties and other factors, including, without limitation, those referred to in the “Risks and Uncertainties” section of the MD&A, and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the mineral resources estimates for the AntaKori Project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates, geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A contains forward-looking statements or information pertaining to the anticipated timing or ability to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to mineral resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the planned work programs; estimation of commodity prices, mineral resources, costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

Forward-looking information is based on certain assumptions that the Company believes are reasonable, including that the current price of and demand for commodities will be sustained or will improve, the supply of commodities will remain stable, that the general business and economic conditions will not change in a material adverse manner, that financing will be available if and when needed on reasonable terms and that the Company will not experience any material labour dispute, accident, or failure of plant or equipment. These factors are not, and should not be construed as being, exhaustive. Although the Company has attempted to identify important factors that would cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated, or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking information contained in this document is qualified by these cautionary statements. Readers are cautioned not to place undue reliance on forward-looking information due to the inherent uncertainty thereof. Statements relating to "mineral resources" are deemed to be forward looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral resources described can be profitably produced in the future.

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).