



(the “Company”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(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, 2022	September 30, 2022
ASSETS		
Current		
Cash	\$ 503,820	\$ 249,167
Receivables	106,782	106,593
Prepaid expenses and deposits	202,105	415,722
Due from related party (Note 6)	7,583	-
	<u>820,290</u>	<u>771,482</u>
Long-term investments	263,500	374,750
Property and equipment	708,124	766,406
Exploration and evaluation assets (Note 4)	<u>49,274,929</u>	<u>54,719,458</u>
	\$ 51,066,843	\$ 56,632,096
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 1,917,085	\$ 4,705,976
Due to related party (Note 6)	-	922
Loans payable (Note 6)	-	678,760
Decommissioning liability	28,000	28,000
	<u>1,945,085</u>	<u>5,413,658</u>
Decommissioning liability	<u>599,000</u>	<u>599,000</u>
	<u>2,544,085</u>	<u>6,012,658</u>
Equity		
Capital stock (Note 5)	114,707,360	114,707,360
Accumulated other comprehensive loss	(4,888,692)	(4,033,133)
Share compensation reserve (Note 5)	16,788,847	16,770,870
Deficit	<u>(78,084,757)</u>	<u>(76,825,659)</u>
	<u>48,522,758</u>	<u>50,619,438</u>
	\$ 51,066,843	\$ 56,632,096

Nature and continuance of operations (Note 1)**Commitments (Note 10)****Subsequent events (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 LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31,

	2022	2021
EXPENSES		
Accounting and audit	\$ 21,975	\$ 21,975
Amortization	26,418	25,365
Bank charges and interest (recovery)	1,175	(10,677)
Insurance	6,813	8,982
Interest expense	6,672	6,150
Investor relations and shareholder information	51,978	20,651
Legal (Note 6)	116,756	18,375
Management fees (Note 6)	188,333	176,383
Office and administration	123,532	97,708
Share-based compensation (Note 5, 6)	17,977	96,229
Transfer agent and listing fees	10,771	9,991
Travel	15,201	8,326
	<u>(587,601)</u>	<u>(479,458)</u>
OTHER ITEMS		
Interest income	18,483	1,471
Gain on debt settlement	-	26,966
Gain (loss) on foreign exchange	(469,429)	116,714
Write-off of receivables	(220,551)	(94,476)
	<u>(1,259,098)</u>	<u>(428,783)</u>
LOSS FOR THE PERIOD		
	<u>(1,259,098)</u>	<u>(428,783)</u>
Items that may be reclassified subsequently to profit and loss:		
Change in fair market value of long-term investment	(111,250)	(210,250)
Items that will not be reclassified subsequently to profit and loss:		
Translation adjustment	(744,309)	(48,988)
	<u>(1,259,098)</u>	<u>(428,783)</u>
Comprehensive loss for the period	\$ (2,114,657)	\$ (688,021)
Loss per common share – basic and diluted	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted	101,849,844	101,849,844

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, 2021	101,849,844	\$ 114,707,360	\$ (7,452,350)	\$ 16,561,364	\$ (74,090,735)	\$ 49,725,639
Share-based compensation	-	-	-	96,229	-	96,229
Fair value adjustment to long-term investment	-	-	(210,250)	-	-	(210,250)
Foreign exchange adjustment	-	-	(48,988)	-	-	(48,988)
Loss for the period	-	-	-	-	(428,783)	(428,783)
Balance, December 31, 2021	101,849,844	\$ 114,707,360	\$ (7,711,588)	\$ 16,657,593	\$ (74,519,518)	\$ 49,133,847
Balance, September 30, 2022	101,849,844	\$ 114,707,360	\$ (4,033,133)	\$ 16,770,870	\$ (76,825,659)	\$ 50,619,438
Share-based compensation	-	-	-	17,977	-	17,977
Fair value adjustment to long-term investment	-	-	(111,250)	-	-	(111,250)
Foreign exchange adjustment	-	-	(744,309)	-	-	(744,309)
Loss for the period	-	-	-	-	(1,259,098)	(1,259,098)
Balance, December 31, 2022	101,849,844	\$ 114,707,360	\$ (4,888,692)	\$ 16,788,847	\$ (78,084,757)	\$ 48,522,758

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,

	2022	2021
Cash Flows from Operating Activities		
Loss for the period	\$ (1,259,098)	\$ (428,783)
Items not affecting cash:		
Amortization	26,418	25,365
Share-based compensation	17,977	96,229
Interest expense	6,672	6,150
Write-off of receivables	220,551	94,476
Write-off of prepaid expenses and deposits	-	-
Changes in non-cash working capital items:		
Receivables	(220,192)	(95,806)
Prepaid expenses and deposits	216,818	(131,449)
Accounts payable and accrued liabilities	(103,772)	(248,333)
Due from related party	(8,505)	18,257
Net cash used in operating activities	<u>(1,103,131)</u>	<u>(663,894)</u>
Cash Flows from Investing Activities		
Lease payments	(36,692)	(27,519)
Exploration and evaluation assets	(5,121,006)	(973,613)
Sale of mineral property interest	6,903,000	-
Net cash provided by (used in) investing activities	<u>1,745,302</u>	<u>(1,001,132)</u>
Cash Flows from Financing Activities		
Loan repayments	(681,358)	-
Net cash used in financing activities	<u>(681,358)</u>	<u>-</u>
Effect of foreign exchange on cash	<u>293,840</u>	<u>22,250</u>
Change in cash for the period	254,653	(1,642,776)
Cash, beginning	<u>249,167</u>	<u>9,501,237</u>
Cash, end	<u>\$ 503,820</u>	<u>\$ 7,858,461</u>

Supplemental disclosures with respect to cash flows (Note 7)

Regulus Resources Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

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, 2022, the Company had a working capital deficit of \$1,124,795. Subsequent to the period ended December 31, 2022, the Company closed a \$23,112,153 non-brokered private placement of 22,658,974 common shares at a price of \$1.02 per common share, which should provide it with sufficient capital for the next 12 months or longer (Note 11). The Company has no source of operating cash flows, such that 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.

During the year ended September 30, 2020, there was a global outbreak of a novel coronavirus identified as “COVID-19”. On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Given the uncertainty, management exercised significant judgment in determining the impact of COVID-19 on the Company’s interim condensed consolidated financial statements, including with respect to financial risks, including liquidity, and the assessment of going concern and the carrying values of the Company’s properties, equipment assets and exploration and evaluation assets. The Company has assessed whether there are any impairment indicators for the Company’s equipment assets and exploration and evaluation assets and did not note any significant indicators as of December 31, 2022. Based on management’s judgment, as at the date of these interim condensed consolidated financial statements, there has been no impact from COVID-19 on the Company’s estimates and assumptions that has resulted in the need to recognize impairment. The Company will continue to assess the impact of COVID-19 on commodity, credit, and equity markets, which may impact management’s judgments in the future

These interim condensed consolidated financial statements were authorized by the audit committee and approved by the board of directors of the Company on March 1, 2023.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and 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 period. Actual results could differ from these estimates.

Regulus Resources Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

2. BASIS OF PREPARATION (continued)

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".

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.

Regulus Resources Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

2. BASIS OF PREPARATION (continued)

Decommissioning costs

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

Basis of consolidation

These 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.\$") Southern Legacy Minerals Inc., Regulus Resources Peru S.A.C., KoriAnta S.A.C., Anta Norte S.A.C., SMRL El Sinchao de Cajamarca and Centaurus Holding S.A.C.

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) income.

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, 2022. 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, 2022.

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 and the Company is therefore relying on title opinions by legal counsel who are basing such opinions on the laws of Peru.

Regulus Resources Inc.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

4. EXPLORATION AND EVALUATION ASSETS (continued)

	AntaKori, Peru
Balance, September 30, 2021	\$ 40,910,648
Additions:	
Administrative services	877
Change in estimates related to decommissioning liability	155,843
Field operations	8,459,888
Labour	699,672
Third party services	325,301
	<u>9,641,581</u>
Foreign exchange movement	<u>4,167,229</u>
Balance, September 30, 2022	<u>54,719,458</u>
Additions:	
Field operations	2,246,950
Labour	147,114
Sale of royalty interest	(6,903,000)
Third party services	65,013
	<u>(4,443,923)</u>
Foreign exchange movement	<u>(1,000,606)</u>
Balance, December 31, 2022	\$ 49,274,929

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, Regulus Resources Peru S.A.C. (formerly Southern Legacy Peru S.A.C.) (“Regulus Peru”):

- (a) An option agreement was executed in December 2011 with certain members of the Santolalla family, providing a right to acquire 86.8% of the capital stock of Minas del Sinchao S.A., which owns 50% of the capital stock of SMRL Rita Margot de Cajamarca. SMRL Rita Margot de Cajamarca owns three mining rights and has a 50% interest in SMRL Maria Eugenia 2 Mina Volare de Cajamarca which owns an additional mining right that comprises a portion of the AntaKori project. The agreement also provides for a 1% net smelter return royalty for the Santolalla family which is subject to a US\$4.5 million buy-out option. Payments made to date are US\$3,038,000 with no payments remaining;
- (b) A second option agreement dated November 2013 provides the right to acquire an additional 7.7% interest in Minas del Sinchao S.A, which increases the Company’s right to acquire an interest in Minas del Sinchao S.A. up to 94.5% of its capital stock. Payments made to date are US\$233,926 with no payments remaining;
- (c) Two option and usufruct agreements dated March 2012 were executed whereby two owners of a combined 12.5% ownership of SMRL Rita Margot De Cajamarca granted in favor of Regulus Peru a usufruct right over their 12.5% ownership of the entity. With the usufruct over the vendors’ shares, Regulus Peru has an option to acquire 62.5% of the SMRL Rita Margot De Cajamarca capital stock. Each of these option and usufruct agreements provide the owners a net smelter royalty (“NSR”) of 0.1875%. Payments made to date are US\$877,000 with no payments remaining;

Regulus Resources Inc.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

4. EXPLORATION AND EVALUATION ASSETS (continued)**AntaKori Project, Peru (continued)**

- (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 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 ended September 30, 2014	1,923,769
Paid during the year ended September 30, 2015	1,850,000
Paid during the year ended September 30, 2016	1,909,123
Paid during the year ended September 30, 2017	38,000
Total	\$ 7,460,062

During the year ended September 30, 2017, the Company’s wholly owned Peruvian subsidiary, 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 project. 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 expired under its own terms on January 19, 2022.

AntaKori Project, Peru (continued)

The Colquirrumi agreement allowed Regulus to earn-in to a 70% interest in ground held by Colquirrumi by completing 7,500 m of drilling within 3 years from obtaining necessary permits to drill. Regulus received the drilling permits in Q4-2019. The agreement assigned 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, 2022, the Company notified Buenaventura that it had completed 7,500 m of drilling under the Colquirrumi agreement and subsequent to the three months ended December 31, 2022, Buenaventura opted to give the Company a 70% interest in the Colquirrumi claims rather than give the Company a 30% interest in the claims and a cash payment of US\$9,000,000 (Note 11).

The Company is also subject to pay NSR’s ranging from 1.5% - 3% to the underlying holders of these same claims. As at December 31, 2022, accounts payable includes \$66,606 (September 30, 2022 - \$67,341) relating to these royalties.

Regulus Resources Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

4. EXPLORATION AND EVALUATION ASSETS (continued)

Osisko Partnership

During the year ended September 30, 2021, the Company closed a previously announced strategic partnership whereby it agreed to grant certain rights to Osisko Gold Royalties Ltd. ("Osisko") in exchange for an upfront cash payment (the "Upfront Payment") of US\$12,500,000 (\$16,198,751). These rights include the following: (i) in the event Regulus acquires any existing royalties within the current AntaKori project area or within a 1 km area of interest surrounding the project on claims owned 100% by Regulus, Osisko has the option to acquire 50% of the acquired royalty by paying 75% of Regulus' purchase price for the royalty; (ii) Osisko will have a right of first refusal on all future royalty or stream transactions in relation to claims on the AntaKori project where Regulus has 100% ownership, or on any additional claims Regulus might acquire with 100% ownership within the area of interest described above; and (iii) should Regulus receive a royalty or stream as consideration for the sale of AntaKori, Osisko will have a right of first refusal should Regulus later choose to sell that royalty or stream. Under the Osisko agreement, Osisko elected to acquire 50% of a royalty on the Mina Volare claim of the AntaKori project, which represents a 1.5% or 3% NSR, depending on location royalty, for 75% of Regulus' purchase price for the royalty, with Osisko's acquisition cost for the royalty included in the Upfront Payment. Regulus has retired the remaining 50% of the royalty. As such, the Royalty on the Mina Volare claim is now reduced to a 0.75% or 1.5%, depending on location, in favour of Osisko. In addition, the Company issued Osisko 5,500,000 warrants having a term of three years and an exercise price equal to \$2.25 per share. The Company recorded a fair value of \$1,177,236 for the 5,500,000 warrants to share compensation reserve, and the residual value of the remaining consideration to \$15,021,515 to exploration and evaluation assets. The warrants were valued using the Black-Scholes pricing model with the following assumptions: term of 3 years; expected volatility of 62.33%; risk-free rate of 0.30%; and expected dividends of Nil.

During the period ended December 31, 2022, the Company and Osisko amended the agreement for additional royalties whereby the Company received a \$6,903,000 (US\$ 5,000,000) investment from Osisko Gold Royalties in exchange for a net smelter return (NSR) ranging from 0.125% to 1.5% on certain claims of the Company's AntaKori project as well as a right (currently held by Regulus) to buy back a 1% NSR from a third party on certain claims of AntaKori.

The parties agreed that the obligations of Regulus would be secured by the following:

- a pledge of all the shares in the capital of Regulus Resources Peru S.A.C.;
- an assignment by Regulus and Southern Legacy Minerals, Inc. of all intercompany loans and other amounts owing by Regulus Peru; and
- a fiduciary trust in respect of the royalty and any surface rights or other rights relating thereto. The trust is expected to be created during fiscal 2023, at which time the share pledge referred to above will terminate.

Gold Fields Option Agreement

During the year ended September 30, 2021, the Company entered into an option agreement whereby the Company can earn up to a 60% interest in certain claims from Gold Fields La Cima S.A., a subsidiary company of Gold Fields Ltd (the "GF Claims").

The terms of the option agreement are summarized as follows:

- The Company can earn a 60% interest in the GF Claims by incurring US\$3,500,000 in exploration expenditures over a 3-year term, including completing at least 2,500 m of diamond drilling and producing a 43-101 resource estimate incorporating the GF Claims. Upon completion, the Company and Gold Fields will form a joint venture with the Company having a 60% interest and Gold Fields a 40% interest.
- Upon formation of the joint venture, Gold Fields will have a 60-day window to decide if they wish to acquire an additional 20% interest in the joint venture ("Claw Back Right"), bringing their total interest to 60% and the Company's position to 40%, in exchange for:
 - A cash payment of US\$7,500,000 to be paid to the Company.
 - Sole funding US\$5,000,000 in exploration commitments over a 5-year period.
- Upon finalizing the ownership structure of the joint venture, both parties will be required to fund their respective portions towards future exploration activities, and standard dilution policies will apply.
 - Any party that dilutes below a 10% interest in the joint venture will effectively relinquish their pro rata ownership and will maintain a 1.5% Net Smelter Return Royalty ("NSR") interest, 0.5% of which can be bought back by the other party for US\$2,500,000 within 60 days of the announcement of commercial production on the property.

Regulus Resources Inc.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

4. EXPLORATION AND EVALUATION ASSETS (continued)**Gold Fields Option Agreement (continued)**

- If Gold Fields exercises its Claw Back Right, the Company will maintain a right to expand a mining operation from its existing claims onto the GF Claims (“Development Right”) subject to the general principle that it does not interfere with current or planned mining activities of the joint venture at the time.
 - Upon exercising the Development Right, the Company would pay the joint venture a 5% NSR (effectively a 3% NSR payable to Gold Fields, and a 2% NSR payable to the Company) for any minerals processed from the GF Claims.
 - In addition, the Company would be responsible for all development costs, all operating costs, and all environmental and closure costs (closure costs and environmental costs for any stand-alone mining operation on the GF claims, would be paid by the joint venture).

The Development Right will also be available to the Company if Gold Fields does not exercise its Claw-Back Right, with a 5% NSR payable by the Company to the joint venture (effectively 2% NSR payable to Gold Fields and 3% NSR payable to the Company) on any minerals processed from the GF Claims, and the Company will be responsible for all development costs, all operating costs and all environmental and closure costs.

Fireweed

During the year ended September 30, 2022, the Company sold its 100% undivided interest in the Fireweed project located in central British Columbia, Canada for a cash payment of \$250,000 and a 0.5% NSR on the property. The royalty will increase to 1.5% upon the pay out of an underlying 2% NSR to a third party, which is capped at \$5,000,000. This disposal resulted in a gain on sale of mineral property of \$249,500 through the statement of profit or loss during the year ended September 30, 2022.

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.

There were no shares issued during the period ended December 31, 2022 and the year ended September 30, 2022.

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, 2022:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2021	7,925,000	\$ 1.41
Options granted	100,000	0.76
Options expired/forfeited	(250,000)	1.29
Balance, September 30, 2022 and December 31, 2022	7,775,000	1.41
Number of options currently exercisable	7,625,000	\$ 1.42

Regulus Resources Inc.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

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5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (continued)**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, 2022, the Company recognized \$17,977 (year ended September 30, 2022 - \$209,506) in share-based compensation expense with respect to options granted and vested during the period.

The following table summarizes information about stock options outstanding at December 31, 2022:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
\$ 0.86	215,000	215,000	June 29, 2023
2.00	50,000	50,000	July 11, 2023
1.60	5,250,000	5,250,000	February 4, 2024
1.78	200,000	200,000	March 1, 2024
0.86	1,560,000	1,560,000	June 29, 2025
1.49	200,000	200,000	October 19, 2025
0.89	200,000	150,000	April 13, 2026
0.76	100,000	-	July 22, 2027
	7,775,000*	7,625,000	

*50,000 at \$2.00, 25,000 at \$1.60 and 60,000 at \$0.86 were terminated subsequent to December 31, 2022.

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

	Period ended December 31, 2022	Year ended September 30, 2022
Risk-free interest rate	-	2.86%
Expected life of grant	-	5 years
Volatility	-	70.38%
Dividend	-	0.00%
Weighted average fair value per option	-	\$0.50

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2021 and 2022	10,920,124	\$ 1.98
Warrants expired/forfeited	(5,420,124)	1.70
Balance December 31, 2022	5,500,000	\$ 2.25

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5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (continued)

The following table summarizes information about warrants outstanding at December 31, 2022:

Exercise Price	Number Outstanding	Expiry Date
\$ 2.25	5,500,000	December 1, 2023
	5,500,000	

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
Centaurus Holding S.A.C.	Peru	100%	Holding company

During the period ended December 31, 2022, 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, 2022, DBD Resources was paid \$59,354 (2021 - \$55,172). Amounts paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$60,108) to DBD Resources, which is included in accounts payable and accrued liabilities. During the year ended September 30, 2022, Mr. John Black loaned the Company \$549,560 (\$400,000 USD). The loan accrued simple interest at 10% per annum, was unsecured, and the loan and interest was repaid in full during the period ended December 31, 2022.

- b) For the period ended December 31, 2022, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$59,354 in consulting fees (2021 – \$55,172). Amounts paid to Mr. Pickmann are classified as management fees in the interim condensed consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued \$38,374 (2021 - \$Nil) for legal services. Legal fees paid to Mr. Pickmann’s law firm are classified as legal expenses in the interim condensed consolidated statements of profit and loss.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$40,072) to Mr. Pickmann and owed \$Nil (September 30, 2022 – \$38,521) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

- 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, 2022, Unicus was paid \$18,750 (2021 – \$18,750). Amounts paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of profit and loss. During the year ended September 30, 2022, Mr. Mark Wayne loaned the Company \$125,000. The loan accrued simple interest at 10% per annum, was unsecured, and the loan and interest was repaid in full during the period ended December 31, 2022.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$19,688) to Unicus, which is included in accounts payable and accrued liabilities.

Regulus Resources Inc.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

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6. RELATED PARTY TRANSACTIONS (continued)

- 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, 2022, K.B. Heather was paid \$50,875 (2021 – \$47,290). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of profit and loss.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$51,521) to K.B. Heather, which is included in accounts payable and accrued liabilities.

- e) At December 31, 2022, the Company is owed \$7,583 from (September 30, 2022 – owed \$922 to) Aldebaran Resources Inc., a company with common directors and management.
- f) The Company holds 2,000,000 common shares (September 30, 2022 – 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 periods ended December 31, 2022 and 2021 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2022			
Chief Executive Officer	\$ 59,354	\$ -	\$ 59,354
Chief Geological Officer	50,875	-	50,875
Chief Financial Officer	18,750	-	18,750
Chief Operating Officer	59,354	-	59,354
Non-executive directors	-	5,014	5,014
	\$ 188,333	\$ 5,014	\$ 193,347

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2021			
Chief Executive Officer	\$ 55,172	\$ 7,431	\$ 62,603
Chief Geological Officer	47,290	7,431	54,721
Chief Financial Officer	18,750	7,431	26,181
Chief Operating Officer	55,172	7,431	62,603
Non-executive directors	-	21,878	21,878
	\$ 176,384	\$ 51,602	\$ 227,986

Regulus Resources Inc.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Three Months Ended December 31, 2022 and 2021

7. 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, 2022 and 2021 included:

- a) \$1,305,216 (2021 - \$872,711) in accounts payable and accrued liabilities related to exploration and evaluation assets.
- b) \$111,250 decrease (2021 - \$210,250 decrease) in fair value of long-term investment.

For the period ended December 31	2022		2021	
Cash paid for income taxes	\$	-	\$	-
Cash paid for interest	\$	2,598	\$	-

8. SEGMENTED INFORMATION

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

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
December 31, 2022				
Canada	\$ 702,438	\$ -	\$ -	\$ 702,438
Peru	50,364,405	708,124	49,274,929	381,352
	\$ 51,066,843	\$ 708,124	\$ 49,274,929	\$ 1,083,790

	Total Assets	Property, Plant and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2022				
Canada	\$ 607,383	\$ -	\$ -	\$ 607,383
Peru	56,024,713	766,406	54,719,458	538,849
	\$ 56,632,096	\$ 766,406	\$ 54,719,458	\$ 1,146,232

	2022		2021	
Loss for the period ended December 31				
Canada	\$	503,971	\$	429,556
Peru		755,127		(773)
	\$	1,259,098	\$	428,783

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

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

Credit risk

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

The Company's cash is held at large Canadian financial institutions in interest-bearing accounts. The Company has no investment in asset backed commercial paper.

The Company's receivables consist mainly of tax credits and advances 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, 2022, the Company had a cash balance of \$503,820 to settle current liabilities of \$1,945,085. Subsequent to the period ended December 31, 2022, the Company closed a \$23,112,153 non-brokered private placement, of 22,658,974 common shares at a price of \$1.02 per common share (Note 11).

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.

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 \$124,000.

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 not have a significant affect on comprehensive (loss) income.

Regulus Resources Inc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

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9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 investments.

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

10. COMMITMENTS

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

	Peru
2023	\$ 137,597

11. SUBSEQUENT EVENTS

Subsequent to the period ended December 31, 2022, the Company:

- Closed a \$23,112,153 non-brokered private placement of 22,658,974 common shares at a price of \$1.02 per common share. No finder's fee was payable in connection with the private placement;
- Granted incentive stock options to directors, officers, employees and consultants to purchase up to 3,950,000 common shares at a price of \$1.02 per share for five years, pursuant to its stock option plan. These stock options will vest over a two-year period;
- Acquired a 70% interest in the Colquirrumi claims (Note 4). The Company had the right to earn up to a 70% interest in the claims by completing 7,500 m of drilling. Buenaventura retained a one-time claw-back whereby it could retain a 70% interest in the claims by paying Regulus US\$9,000,000 and granting Regulus a 30% interest. Buenaventura did not elect to trigger its claw-back right.



Management's Discussion and Analysis

For the Three Months Ended December 31, 2022

REGULUS RESOURCES INC. MANAGEMENT'S DISCUSSION AND ANALYSIS

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 1, 2023 and should be read in conjunction with the interim condensed consolidated financial statements for the three months ended December 31, 2022, the audited consolidated financial statements for the years ended September 30, 2022 and 2021, the related notes contained therein, 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 International Accounting Standards ("IAS") 34, Interim Financial Reporting, 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, like 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. 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 grams per tonne. Management is confident that further work will expand the current deposit to a size that will be of interest to major mining companies. 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.

Significant Events from October 1, 2022 to the Date of this Report

- In October 2022, the Company announced the completion of a US\$5 million investment from Osisko Gold Royalties in exchange for a net smelter return ranging from 0.125% to 1.5% on certain claims of the AntaKori project, as well as a right (currently held by Regulus) to buy-back a 1% NSR from a third party on certain claims of AntaKori (*see news release dated October 14, 2022*).
- In December 2022, the Company announced a US\$15,000,000 (approx. C\$20,460,153) non-brokered private placement by Nuton, a Rio Tinto Venture ("**Nuton**"). Nuton will subscribe for 20,058,974 common shares at a price of \$1.02 per common share. Regulus and Nuton will jointly undertake copper sulphide leach testing utilizing Nuton's copper sulphide leach technologies with samples from AntaKori. The Nuton™ technologies have the potential to process arsenic-bearing copper sulphides with less impact on the environment and water resources than traditional concentrator processing (*see news release dated December 22, 2022*). Management views the transaction with Nuton as transformational for the Company. Having Rio Tinto (through Nuton) as a significant shareholder will significantly enhance the Company's ability to optimize the value of the existing resources at AntaKori, and to explore various options with the neighbouring Tantahuatay mine to optimize the combined Tantahuatay-AntaKori copper gold sulphide deposit. Management is also eager to see the results of the proposed copper sulphide leach testing at AntaKori utilizing Nuton's copper sulphide leach technologies. The Nuton™ technologies have the potential to process arsenic-bearing copper sulphides with less impact on the environment and water resources than traditional concentrator processing, which could be a real "game-changer" for the deposit. Final results from this test process are expected to take a year or longer to complete.
- In January 2023, the Company announced an upsizing of the private placement announced on December 22, 2022 to 22,658,974 common shares at a price of \$1.02 per common share. The Company's largest shareholder, Route One Investment Company LLC ("**Route One**") elected to participate in the private placement by agreeing to purchase 2,600,000 common shares at a price of C\$1.02

per common share. Upon closing the financing, Route One will own 21.81% of Regulus while Nuton will own a 16.11% interest. The Company plans to use the proceeds to advance the AntaKori project and for general corporate purposes (*see news release dated January 20, 2023*).

- In January 2023, the Company announced the closing of the above private placement (*see news release dated January 30, 2023*).
- In February 2023, the Company reported the results from the last seven holes from the 2022 drill campaign at AntaKori (*see news release dated February 1, 2023 and Exploration Review of 2022 below*)
- In February 2023, the Company granted incentive stock options to directors, officers, employees and consultants to purchase up to 3,950,000 common shares at a price of \$1.02 per share for five years, pursuant to its stock option plan. These stock options will vest over a two-year period (*see news release dated February 7, 2023*).
- In February 2023, the Company acquired a 70% interest in the Colquirrumi claims, a 2,571 hectare area of mineral concessions to the north and northeast of the core AntaKori property. The Company had the right to earn up to a 70% interest in the Colquirrumi claims from Compañía Minera Colquirrumi S.A. (“**Colquirrumi**”), a wholly owned subsidiary of Compañía de Minas Buenaventura S.A.A. (“**Buenaventura**”) by completing 7,500 m of drilling. Buenaventura retained a one-time claw-back whereby it could retain a 70% interest in the claims by paying Regulus US\$9,000,000 and granting Regulus a 30% interest. Buenaventura did not elect to trigger its claw-back right. (*see news release dated February 15, 2023 and Exploration Review of 2022 below*).

Exploration Review of 2022

Exploration activities focused on the AntaKori project in 2022, with the bulk of the work being conducted on the Anta Norte claims. The 2022 drill program was completed in mid-December 2022.

The Company’s Phase I drill program included 22,140.89 m of drilling in 29 holes, which formed the basis for the 2019 43-101 compliant mineral resource estimate, in conjunction with access to drilling data from adjacent ground by means of a collaborative agreement with Compañía Minera Coimolache S.A. (“**Coimolache**”) (*see news release dated January 24, 2017*). The Company completed the Phase II drill program at the end of 2022, which entailed 31,664.99 m of additional drilling in 34 drill holes. The Phase II drill program was originally designed to consist of approximately 25-30,000 m of additional drilling that would form the basis for an updated mineral resource estimate and complete initial scout holes to test targets further to the north. A total of 53,805.88 m of drilling in 63 holes have been completed to date as part of the Phase I and Phase II drilling programs; of which 42,984.73 m have been completed on Regulus claims, 7,619.98 m on the Colquirrumi joint venture claims and 3,201.17 m on the Coimolache claims.

On February 1, 2023, the Company reported the results from the last seven holes from the 2022 drill campaign at AntaKori, holes AK-22-053 through AK-22-059. Holes AK-22-053 and AK-22-055 were designed to test portions of the Colquirrumi claims where Regulus had the right to earn up to a 70% interest in the claims by completing 7,500 m of drilling. Holes AK-22-054, AK-22-057 and AK-22-059 were designed to expand the mineralized footprint of the AntaKori deposit to the north and east of current drilling. Holes AK-22-056 and AK-22-058 were designed to fill in a gap in the current resource.

Highlights from drill holes AK-22-053, AK-22-054, AK-22-055, AK-22-056, AK-22-057, AK-22-058 and AK-22-059 – AntaKori project:

Holes AK-22-053 and AK-22-055

- These holes were designed to test the Colquirrumi claims to the east of currently defined mineralization and to complete meterage towards the Colquirrumi earn-in agreement
- With the completion of these holes, Regulus has completed all the necessary drilling to trigger the earn-in to a 70% interest in the Colquirrumi claims
- Mineralization was relatively weak in both holes

Hole AK-22-054

- 128.15 m of 0.08% Cu, 0.30 g/t Au and 3.87 g/t Ag from 383.15 m depth
- 87.68 m of 0.34% Cu, 0.41 g/t Au and 8.62 g/t Ag from 541.10 m depth
- 80.49 m of 0.22% Cu, 0.18 g/t Au and 2.98 g/t Ag from 663.74 m depth
- 68.00 m of 0.20% Cu, 0.08 g/t Au and 1.32 g/t Ag from 827.00 m depth
- Hole 54 extended the mineralized footprint significantly to the north of existing resources and opened an area for future drilling

Hole AK-22-056

- 403.55 m of 0.25% Cu, 0.18 g/t Au and 7.38 g/t Ag from 118.75 m depth
- 323.25 m of 0.49% Cu, 0.11 g/t Au and 6.30 g/t Ag from 811.75 m depth
 - Including 109.65 m of 0.71% Cu, 0.15 g/t Au and 4.08 g/t Ag from 935.00 m depth
- The hole ended in mineralization
- Hole 56 returned multiple long runs of mineralization similar to previously completed holes to the east and west

Hole AK-22-057

- 87.50 m of 0.11% Cu, 0.23 g/t Au and 3.26 g/t Ag from 180.30 m depth
- 65.20 m of 0.19% Cu, 0.10 g/t Au and 3.86 g/t Ag from 308.70 m depth
- Hole 57 encountered spotty mineralization indicating the mineralized footprint is weakening to the northeast of the project

Hole AK-22-058

- 240.55 m of 0.38% Cu, 0.26 g/t Au and 7.05 g/t Ag from 388.95 m depth
 - Including 185.05 m of 0.44% Cu, 0.26 g/t Au and 6.97 g/t Ag from 444.45 m depth
- Hole 58 interested mineralization as expected with similar grades to drilling completed to the east and west

Hole AK-22-059

- 26.50 m of 0.18% Cu, 0.66 g/t Au and 8.34 g/t Ag from 317.70 m depth
- Similar to Hole 57, Hole 59 encountered spotty mineralization indicating the mineralized footprint is weakening to the northeast of the project

On February 15, 2023, the Company announced that it had acquired a 70% interest in the Colquirrummi claims. The Colquirrummi claims will be held by a joint-venture with 70% belonging to Regulus and 30% belonging to Colquirrummi. Regulus will be the operator of the joint venture. The Colquirrummi claims represent approximately 2,571 hectares of mineral rights in a prolific mining district, adjacent to and interfingering with Regulus' AntaKori property. Regulus had the right to earn up to a 70% interest in the claims by completing 7,500 m of drilling. Buenaventura retained a one-time claw-back whereby it could retain a 70% interest in the claims by paying Regulus US\$9,000,000 and granting Regulus a 30% interest. Buenaventura did not elect to trigger its claw-back right. Less than 5% of the Colquirrummi claims have been properly explored, however several encouraging mineralized areas were discovered in Regulus' drill program.

The 2022 drill program has been successful in expanding the footprint of mineralization on the Anta Norte claims to the north and northwest of previously defined mineralization. The Phase II drill program also completed the required drilling (7,500 m) to satisfy the conditions for the Company to earn in to a 70% interest in the Colquirrummi claims from Buenaventura (*see news release dated April 3, 2017*).

In addition, the Company also selected 50 samples for metallurgical analysis that have been sent to local laboratories in Peru. The Company has received the final metallurgical test work report for this phase of testing and is currently reviewing the findings and conclusions. These results were delayed due to ongoing COVID-19 issues in the lab that completed the test work. The results of this test work will be incorporated into a more extensive and comprehensive metallurgical study to be completed jointly with Nuton during 2023 (*see news release dated December 22, 2022*).

Outlook for 2023

The Company is currently reviewing the results of the Phase II drilling program and planning its exploration program for 2023. Drilling is not expected to commence until after the rainy season in Peru, which typically ends in April or May. The drilling program will entail drilling to collect large diameter core for metallurgical test work and possibly the initiation of a Phase III drilling program to continue to define mineralization to the north and west of current drilling.

The Company is also reviewing various options to potentially consolidate its AntaKori project with the neighbouring Tantahuatay mine, as the Company believes that this is the best path forward to optimize the value of the resource. There can be no assurance that the Company will be successful in achieving any form of property consolidation nor can the Company currently project what a consolidation transaction would entail.

The Phase II drill program described above was undertaken as a step toward completing an updated resource estimate at AntaKori in 2023. The timing of the resource update may be impacted by the Company's property consolidation efforts and as such, the Company is broadly estimating that the resource estimate will be completed in H2-2023.

Regulus and Nuton will jointly undertake copper sulphide leach testing utilizing Nuton’s copper sulphide leach technologies with samples from the AntaKori project. Regulus will be responsible for acquisition of the large diameter core required for the testing and Nuton will oversee and cover the costs of the testwork. To date the Company has focused on increasing the size of mineral resources at the AntaKori project with demonstrable success. This work will continue but the Nuton agreement will mark a shift toward more focus on early feasibility level work to begin to characterize the likely development pathway for the project. The Company also plans for continued engagement with local communities with programs and projects that emphasis improving education, health, and economic opportunity in the area of the project.

The only firm commitments for the AntaKori project in 2023 include 2023 annual concession fees of US\$70,000, drill road and platform remediation costs estimated at US\$183,434 (over the next 1-2 years with a significant portion in 2023), and remediation maintenance and monitoring costs estimated at US\$50,000 annually. The Company is also responsible for developing and implementing a plan to further treat acidic surface waters draining from the Tres Mosqueteros mineral concessions. This obligation is being coordinated with the appropriate government authorities and may eventually become part of a larger multi-party effort to tackle water treatment in the area. The cost for this is currently not well defined but estimated at \$250,000 with no current time frame for execution.

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. A NI 43-101 technical report entitled “AntaKori Project, Cajamarca Province, Peru, NI 43-101 Technical Report” (the “AntaKori 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 AntaKori 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 below). The 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 (22,140.89 m in 29 holes) 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 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, and locally a late epithermal, intermediate sulphidation *base-metal* carbonate style of Au-Cu-Zn mineralization. The project

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

- Immediately adjacent to the producing Tantahuatay Gold-Silver Mine (Buenaventura-Southern Copper-ESPRO)
- 7 km to the NW of the Cerro Corona Gold-Copper Mine (Goldfields)
- 35 km to the NNW of the Yanacocha Gold Mine (Newmont)
- 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, primarily by means of two earn-in agreements with subsidiaries of Buenaventura and Gold Fields La Cima S.A. (“Gold Fields”), a subsidiary company of Gold Fields Ltd. (see summary of these agreements below).
- 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 53,805.88 m of diamond drilling in 63 holes has been completed by Regulus to date.
- The AntaKori Technical 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.
- Indication that the mineralized system is open in several 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 additional drilling is required to better define this project.

The AntaKori project has been explored under definitive agreements with Coimolache (the “Coimolache DA” – now terminated) and Colquirrumi (the “Colquirrumi DA” – still active), 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 Buenaventura (40% and operator) and Southern Peru Copper S.A.A. (44%). The Coimolache DA allowed for mutual access, mutual rights of expansion and collaborative exploration with a principal objective of determining the size and nature of the AntaKori 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. The Coimolache DA has now terminated but Regulus maintains communication and interaction with Coimolache. Colquirrumi is a wholly owned subsidiary of Buenaventura.

The Company has also more recently entered into an option agreement whereby the Company can earn up to a 60% interest in certain claims (“GF Claims”) from Gold Fields (*see news release of April 16, 2020*). The addition of the GF claims will grow the Company’s land position in the AntaKori copper-gold project, will increase future resource estimations via the ability to deepen and pushback the current conceptual resource pit on to these claims, and provide additional exploration opportunities to increase the mineralized footprint at the AntaKori project. Regulus can earn a 60% interest in the GF Claims by incurring US\$3.5 M in exploration expenditures over a 3-year term, including completing at least 2,500 m of diamond drilling and producing a 43-101 resource estimate incorporating the GF Claims. Upon completion, Regulus and Gold Fields will form a joint venture with Regulus having a 60% interest and Gold Fields a 40% interest. Upon formation of the joint venture, Gold Fields will have a 60-day window to decide if they wish to acquire an additional 20% interest in the joint venture (“Claw Back Right”), bringing their total interest to 60% and Regulus’ position to 40%, in exchange for a cash payment of US\$7.5 M to be paid to Regulus and sole funding US\$5 M in exploration commitments over a 5-year period.

Operations and Financial Condition

Results of Operations for the Three Months Ended December 31, 2022 Compared to the Three Months Ended December 31, 2021

During the three months ended December 31, 2022, loss from operating activities was \$1,259,098 compared to loss from operating activities of \$428,783 for the three months ended December 31, 2021. Significant variances from the same period in the prior year are as follows:

- An increase of \$98,381 in legal fees. Legal fees were \$116,756 for the three months ended December 31, 2022 compared to \$18,375 for the period ended December 31, 2021. The variance is due primarily to legal fees related to the sale of royalty interests to Osisko Gold Royalties Ltd. during the three months ended December 31, 2022.
- A decrease of \$78,252 in share-based compensation. Share-based compensation was \$17,977 for the three months ended December 31, 2022 compared to \$96,229 for the three months ended December 31, 2021 due to the timing of vesting of stock options issued.
- During the three months ended December 31, 2022, the Company wrote-off receivables of \$220,551 (2021 –\$94,476) related to Peru’s value-added tax. The Company’s accounting practice is to write these receivables off until they are actually collected. If and when these receivable are collected, the write-off will be reversed to the extent of such collection.
- During the three months ended December 31, 2022, the Company recorded a loss of \$469,429 on Foreign Exchange compared to a gain of \$116,714 for the three months ended December 31, 2021, due to fluctuations in the relative values of the Canadian dollar, US dollar and Peru peso.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$1,103,131 for the period ended December 31, 2022 compared to \$663,894 for the period ended December 31, 2021. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under “Results from Operations”.

Investing Activities

Cash inflow from investing activities was \$1,745,302 for the period ended December 31, 2022 compared to cash outflow of \$1,001,132 for the period ended December 31, 2021. Exploration and Evaluation expenditures were significantly higher in the current period (\$5,121,026) as compared to the prior period (\$973,613) but this was more than offset by the receipt of \$6,903,000 from the sale of additional royalty interests to Osisko (see Ossiko Partnership) in the current period, resulting in a net inflow from investing activities in the current period.

Financing Activities

Cash outflow from financing activities was \$681,358 in the current period as compared to nil in the prior period. This resulted from the Company repaying loans made by directors in the current period. See Related party Transactions.

Summary of Quarterly Results

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

	December 31,	September 30,	June 30,	March 31,
All in \$1,000’s except loss (gain) per share	2022	2022	2022	2022
Working capital (deficiency)	\$(1,125)	\$(4,642)	\$(333)	\$4,122
Loss (gain)	\$1,259	\$932	\$556	\$817
Loss (gain) per share	\$0.01	\$0.01	\$0.01	\$0.01
Loss (gain) per common share (diluted)	\$0.01	\$0.01	\$0.01	\$0.01
Total assets	\$51,067	\$56,632	\$52,240	\$50,788
Total liabilities	\$2,544	\$6,013	\$3,180	\$2,880
Deficit	\$78,085	\$76,826	\$75,893	\$75,337

	December 31,	September 30,	June 30,	March 31,
All in \$1,000’s except loss (gain) per share	2021	2021	2021	2021
Working capital (deficiency)	\$6,499	\$7,989	\$10,236	\$13,176
Loss (gain)	\$429	\$1,111	\$1,077	\$1,704
Loss (gain) per share	\$0.00	\$0.01	\$0.01	\$0.02
Loss (gain) per common share (diluted)	\$0.00	\$0.01	\$0.01	\$0.02
Total assets	\$51,373	\$52,003	\$54,669	\$55,451
Total liabilities	\$2,239	\$2,277	\$1,554	\$882
Deficit	\$74,520	\$74,091	\$72,980	\$71,903

Liquidity and Capital Resources

Cash at December 31, 2022 totaled \$503,820 compared to \$249,167 at September 30, 2022. Working capital deficit at December 31, 2022 was \$1,124,795 compared to working capital deficit of \$4,642,176 as at September 30, 2022.

During the three months ended December 31, 2022, the Company completed a \$6,903,000 (USD \$5-million) investment from Osisko Gold Royalties in exchange for a net smelter return (NSR) ranging from 0.125% to 1.5% on certain claims of the company's AntaKori project as well as a right (currently held by Regulus) to buy back a 1% NSR from a third party on certain claims of AntaKori. Proceeds from the investment have been used for exploration activities at AntaKori and for general corporate purposes.

Subsequent to the three months ended December 31, 2022, the Company closed a \$23,112,153 non-brokered private placement of 22,658,974 common shares at a price of \$1.02 per common share. No finder's fee was payable in connection with the private placement. Proceeds from the investment will be used for exploration activities at AntaKori and for general corporate purposes.

Exploration and evaluation of assets at December 31, 2022 totaled \$49,274,929 compared to \$54,719,458 as at September 30, 2022. The decrease is primarily as a result of the \$6,903,000 investment from Osisko Gold Royalties in exchange for an NSR on certain claims of the company's AntaKori project, as well as a right to buy back a 1% NSR from a third party on certain claims of AntaKori, in the current period.

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 124,508,818 common shares issued and outstanding and the following stock options and warrants outstanding:

Stock Options

Exercise Price	Number Outstanding	Expiry Date
\$ 0.86	215,000	June 29, 2023
1.60	5,225,000	February 4, 2024
1.78	200,000	March 1, 2024
0.86	1,500,000	June 29, 2025
1.49	200,000	October 19, 2025
0.89	200,000	April 13, 2026
0.76	100,000	July 22, 2027
1.02	3,950,000	February 7, 2028
	11,590,000	

Warrants

Exercise Price	Number Outstanding	Expiry Date
\$ 2.25	5,500,000	December 1, 2023
	5,500,000	

Related Party Transactions

During the period ended December 31, 2022, 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, 2022, DBD Resources was paid \$59,354 (2021 - \$55,172). Amounts paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$60,108) to DBD Resources, which is included in accounts payable and accrued liabilities. During the year ended September 30, 2022, Mr. John Black loaned the Company \$549,560 (\$400,000 USD). The loan accrued simple interest at 10% per annum, was unsecured, and the loan and interest was repaid in full during the period ended December 31, 2022.

- b) For the period ended December 31, 2022, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$59,354 in consulting fees (2021 – \$55,172). Amounts paid to Mr. Pickmann are classified as management fees in the interim condensed consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued \$38,374 (2021 - \$Nil) for legal services. Legal fees paid to Mr. Pickmann’s law firm are classified as legal expenses in the interim condensed consolidated statements of profit and loss.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$40,072) to Mr. Pickmann and owed \$Nil (September 30, 2022 – \$38,521) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

- 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, 2022, Unicus was paid \$18,750 (2021 – \$18,750). Amounts paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of profit and loss. During the year ended September 30, 2022, Mr. Mark Wayne loaned the Company \$125,000. The loan accrued simple interest at 10% per annum, was unsecured, and the loan and interest was repaid in full during the period ended December 31, 2022.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$19,688) to Unicus, which is included in accounts payable and accrued liabilities.

- 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, 2022, K.B. Heather was paid \$50,875 (2021 – \$47,290). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of profit and loss.

At December 31, 2022, the Company owed \$Nil (September 30, 2022 – \$51,521) to K.B. Heather, which is included in accounts payable and accrued liabilities.

- e) At December 31, 2022, the Company is owed \$7,583 from (September 30, 2022 – owed \$922 to) Aldebaran, a company with common directors and management.

- f) The Company holds 2,000,000 common shares (September 30, 2022 – 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 periods ended December 31, 2022 and 2021 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2022			
Chief Executive Officer	\$ 59,354	\$ -	\$ 59,354
Chief Geological Officer	50,875	-	50,875
Chief Financial Officer	18,750	-	18,750
Chief Operating Officer	59,354	-	59,354
Non-executive directors	-	5,014	5,014
	\$ 188,333	\$ 5,014	\$ 193,347
Period ended December 31, 2021			
Chief Executive Officer	\$ 55,172	\$ 7,431	\$ 62,603
Chief Geological Officer	47,290	7,431	54,721
Chief Financial Officer	18,750	7,431	26,181
Chief Operating Officer	55,172	7,431	62,603
Non-executive directors	-	21,878	21,878
	\$ 176,384	\$ 51,602	\$ 227,986

Financial and Capital Risk Management

Please refer to the December 31, 2022 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

There were no recent accounting policies adopted during the period ended December 31, 2022.

Proposed Transactions

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

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).

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.

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).

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 period ended December 31, 2022 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 period ended December 31, 2022 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, 2022 and this MD&A, include the following.

COVID-19

At the date of this MD&A, the global development of COVID-19 was continuing to evolve. The extent and impact of the risks posed to Regulus by COVID-19 and other epidemics/pandemics/endemic diseases cannot be fully known, quantified, or predicted with any certainty. Global phenomena such as COVID-19 increase the risk of significant labour force disruption (including the supply of labour or site/country access) and the potential loss (permanent/temporary) of personnel. Our operations are located in remote locations and represent concentrations of personnel working and sometimes residing in close proximity to one another. COVID-19 has the potential to spread rapidly and place the Company's workforce at risk. As a Company, where practicably possible, steps are being continually assessed and implemented, as appropriate, to both protect employees and mitigate risks to operations from these threats and impacts, but there can be no assurance as to the level of impact the pandemic will have.

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. Operating in a foreign country exposes the Company to risks that may not otherwise be experienced if all operations were located in Canada. The risks vary from country to country and for Peru in particular 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 the Company's existing assets and operations. Real and perceived political risk may also affect the Company'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 metal prices.

Commodity prices, and in particular copper prices, may be significantly affected by both demand and supply-side disruptions as a result of COVID-19, global shutdowns as a result of COVID-19, and its continuing impact on economies around the world.

Uncertainty of Funding

The exploration and development of mineral properties requires a substantial amount of capital and depends 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.

Recent economic events including US-China trade disputes, the COVID-19 global pandemic, disruptions to national and international supply chains and rising inflationary trends worldwide have created further uncertainty in global financial and equity markets and may adversely impact the Company's share price and ability to raise capital.

Future Offerings of Debt or Equity Securities

The Company may 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 transacts 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.

Social License

The ability to carry out exploration programs on our mineral claims in Peru is conditional on the Company obtaining all the necessary permits, which usually requires the Company to engage with the local communities to obtain their consent. There can be no assurance that the Company will always be able to obtain these consents when requested. Even when all necessary consents are obtained, there is still a risk that local opposition might arise which could effect the Company's ability to carry out its intended exploration programs. The Company attempts to mitigate these risks by following all required protocols and by maintaining a robust program of engagement with local communities, which often includes social benefit programs funded by the Company.

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 Canadian *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 Company's operations, could result in additional costs and liabilities, restrictions on or suspension of the Company'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, the impact of COVID-19 on the Company's operations, personnel, ability to finance and outlook, 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, the impact of COVID-19 on the Canadian and worldwide economy, the Company's workforce, world wide demand for commodities and the Company's business generally; 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).