REGULUS RESOURCES INC

(the “Company”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

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

	March 31, 2018	September 30, 2017
ASSETS		
Current		
Cash (Note 4)	$ 2,773,945	$ 6,815,719
Receivables (Note 5)	68,585	59,094
Prepaid expenses (Note 6)	64,916	47,325
	2,907,446	6,922,138
Long-term investment (Note 9)	552,000	850,000
Property, plant and equipment (Note 7)	342,306	154,864
Exploration and evaluation assets (Note 8)	30,259,076	23,664,855
	$ 34,060,828	$ 31,591,857
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 2,227,157	$ 2,289,877
Due to related parties (Note 13)	63,185	28,133
	2,290,342	2,318,010
Decommissioning liability (Note 11)	405,215	356,356
	2,695,557	2,674,366
Equity		
Capital stock (Note 12)	96,640,365	92,896,977
Accumulated other comprehensive loss	(7,228,493)	(6,708,360)
Share compensation reserve (Note 12)	8,592,850	8,394,225
Deficit	(66,639,451)	(65,665,351)
	31,365,271	28,917,491
	$ 34,060,828	$ 31,591,857

Nature and continuance of operations (Note 1)
Commitments (Note 17)

Approved by the Board:

Director:

"*John Black*"
____
John Black

Director and Chairman of the Audit Committee:

"*Anthony Hawkshaw*"
____
Anthony Hawkshaw

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

	3 months ended March 31, 2018	3 months ended March 31, 2017	6 months ended March 31, 2018	6 months ended March 31, 2017
EXPENSES				
Accounting and audit	$ 111,626	$ 150,071	$ 162,591	$ 207,971
Amortization (Note 7)	9,602	5,559	17,942	16,337
Bank charges and interest	6,726	8,134	14,036	17,393
Consulting fees	14,461	12,760	34,346	38,992
Fees and taxes	46,141	31,738	50,479	31,789
Insurance	12,046	27,954	23,590	50,882
Interest expense (Note 11)	7,234	9,830	14,501	19,739
Investor relations and shareholder information	59,223	14,435	83,818	29,690
Legal (Note 13)	29,630	8,874	83,618	145,801
Management fees (Note 13)	194,282	131,193	390,809	266,400
Office and administration	213,895	84,139	245,296	159,667
Rent	33,674	41,426	79,299	90,671
Share-based compensation (Note 12, 13)	79,077	531,002	198,625	1,190,005
Telephone	6,322	4,297	11,238	11,427
Transfer agent and listing fees	32,025	17,997	36,933	21,061
Travel	34,800	24,625	63,981	48,753
Wages and benefits	27,138	(22)	35,367	1,920
	(917,902)	(1,104,012)	(1,546,469)	(2,348,498)
OTHER ITEMS				
Gain on foreign exchange	802,133	1,823,726	1,067,311	1,858,425
Write-off of exploration and evaluation assets (Note 8)	-	(20,772)	-	(57,840)
Recovery (write-off) of prepaid expenses (Note 6)	44,817	(131,751)	91,331	(165,851)
Write-off of receivables (Note 5)	(335,757)	(74,712)	(622,283)	(252,940)
Interest income	14,408	23,780	36,010	46,403
INCOME (LOSS) FOR THE PERIOD	(392,301)	516,259	(974,100)	(920,301)
Items that may be reclassified subsequently to profit and loss:				
Change in fair market value of long-term investment	(131,000)	143,500	(298,000)	185,000
Items that will not be reclassified subsequently to profit and loss:				
Translation adjustment	(330)	(1,360,973)	(222,133)	(1,085,656)
Comprehensive loss for the period	$ (523,631)	$ (701,214)	$ (1,494,233)	$ (1,820,957)
Loss per common share – basic and diluted	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding	**74,226,472**	**68,593,083**	**73,518,194**	**68,559,934**

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
For the Six Months Ended March 31

	Number of Shares		Capital Stock		Accumulated Other Comprehensive Loss		Share Compensation Reserve		Deficit		Total
Balance, September 30, 2016	68,368,083	$	92,469,042	$	(6,141,133)	$	6,721,383	$	(62,172,836)	$	30,876,456
Shares issued on exercise of options	225,000		157,500		-		(56,250)		-		101,250
Share issuance costs	-		(10,127)		-		-		-		(10,127)
Share-based compensation	-		-		-		1,190,005		-		1,190,005
Fair value adjustment to long-term investment	-		-		185,000		-		-		185,000
Foreign exchange adjustment	-		-		(1,085,656)		-		-		(1,085,656)
Loss for the period	-		-		-		-		(920,301)		(920,301)
Balance, March 31, 2017	68,593,083	$	92,616,415	$	(7,041,789)	$	7,855,138	$	(63,093,137)	$	30,336,627
Balance, September 30, 2017	68,888,667	$	92,896,977	$	(6,708,360)	$	8,394,225	$	(65,665,351)	$	28,917,491
Shares issued on exercise of warrants	5,338,055		3,743,388		-		-		-		3,743,388
Share-based compensation	-		-		-		198,625		-		198,625
Fair value adjustment to long-term investment	-		-		(298,000)		-		-		(298,000)
Foreign exchange adjustment	-		-		(222,133)		-		-		(222,133)
Loss for the period	-		-		-		-		(974,100)		(974,100)
Balance, March 31, 2018	74,226,722	$	96,640,365	$	(7,228,493)	$	8,592,850	$	(66,639,451)	$	31,365,271

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
For the Six Months Ended March 31

	2018	2017
Cash Flows from Operating Activities		
Net loss for the period	$ (974,100)	$ (920,301)
Items not affecting cash:		
Amortization	17,942	16,337
Interest expense	14,501	19,739
Share-based compensation	198,625	1,190,005
Write-off of exploration and evaluation assets	-	57,840
Write-off (recovery) of prepaid expenses	(91,331)	165,851
Write-off of receivables	622,283	252,940
Changes in non-cash working capital items:		
Receivables	(631,013)	(263,265)
Prepaid expenses	74,152	(194,108)
Accounts payable and accrued liabilities	(36,523)	250,550
Due to related parties	35,052	(397,051)
Net cash provided by (used in) operating activities	(770,412)	178,537
Cash Flows from Financing Activities		
Proceeds from exercise of stock options	-	101,250
Proceeds from exercise of warrants	3,743,388	-
Share issuance costs	-	(10,127)
Net cash provided by financing activities	3,743,388	91,123
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(192,981)	(45,163)
Exploration and evaluation assets and decommissioning liability	(5,692,950)	(1,518,296)
Net cash used in investing activities	(5,885,931)	(1,563,459)
Effect of foreign exchange on cash	(1,128,819)	(2,099,782)
Change in cash for the period	(4,041,774)	(3,393,581)
Cash, beginning of period	6,815,719	14,425,974
Cash, end of period	$ 2,773,945	$ 11,032,393

Supplemental disclosures with respect to cash flows (Note 14)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

At the date of these condensed interim 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.

As at March 31, 2018, the Company had working capital of $617,104. Management is currently evaluating a future financing in the Company including equity raises in order to fund the drilling program proposed to the end of 2018.

These interim condensed consolidated financial statements were authorized by the audit committee and by the board of directors of the Company on May 30, 2018.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual consolidated financial statements.

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements. They should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2017, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

<u>Judgments</u>

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

2. BASIS OF PREPARATION (cont'd…)

Estimates

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

Carrying value and recoverability of exploration and evaluation assets

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

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

Fair value of stock options and warrants

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

Income taxes

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

Decommissioning costs

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

Basis of consolidation

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

2. BASIS OF PREPARATION (cont'd…)

Foreign exchange

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2017. 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, 2017.

Recent accounting pronouncements

Accounting standards, amendments and interpretations not yet effective:

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

- IFRS 9, Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories -- amortized cost and fair value. IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

- IFRS 15, Revenue Recognition - Revenue from Contracts with Customers establishes the principles that an entity shall apply to financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer, effective for annual periods beginning on or after January 1, 2018.

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

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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

4. CASH

		March 31, 2018		September 30, 2017
Cash on deposit	$	2,773,945	$	6,815,719

5. RECEIVABLES

The Company's receivables arise from various tax credits receivable from the Canadian, Peruvian and Argentinean government taxation authorities and advances. These are broken down as follows:

		March 31, 2018		September 30, 2017
Tax credits and advances receivable	$	68,585	$	59,094

During the period ended March 31, 2018, the Company wrote-off $622,283 (2017 - $252,940) of receivables to profit and loss. These receivables primarily related to Value Added Taxes in South America for which recoverability is uncertain.

6. PREPAID EXPENSES

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

		March 31, 2018		September 30, 2017
Prepaid expenses	$	64,916	$	47,325

During the period ended March 31, 2018, the Company recovered $91,331 (2017 – wrote off $165,851) of prepaid expenses to profit and loss. These prepaid expenses primarily relate to tax balances paid in advance in South America.

Expressed in Canadian Dollars

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office Furnishings	Equipment	Land	Total
Cost					
Balance, September 30, 2016	$ 8,534	$ 55,692	$ 58,975	$ -	$ 123,201
Additions	-	3,607	124,863	-	128,470
Foreign exchange movement	(1,246)	(8,133)	(8,613)	-	(17,992)
Balance, September 30, 2017	$ 7,288	$ 51,166	$ 175,225	$ -	$ 233,679
Additions	-	-	41,801	151,180	192,981
Foreign exchange movement	244	1,712	7,263	5,059	14,278
Balance, March 31, 2018	$ 7,532	$ 52,878	$ 224,289	$ 156,239	$ 440,938
Accumulated amortization					
Balance, September 30, 2016	$ 6,626	$ 15,323	$ 30,622	$ -	$ 52,571
Amortization	715	3,713	26,302	-	30,730
Foreign exchange movement	(565)	(1,307)	(2,614)	-	(4,486)
Balance, September 30, 2017	$ 6,776	$ 17,729	$ 54,310	$ -	$ 78,815
Amortization	297	1,104	16,541	-	17,942
Foreign exchange movement	137	365	1,373	-	1,875
Balance, March 31, 2018	$ 7,210	$ 19,198	$ 72,224	$ -	$ 98,632
Carrying amounts					
As at September 30, 2016	$ 1,908	$ 40,369	$ 28,353	$ -	$ 70,630
As at September 30, 2017	$ 512	$ 33,437	$ 120,915	$ -	$ 154,864
As at March 31, 2018	$ 322	$ 33,680	$ 152,065	$ 156,239	$ 342,306

8. EXPLORATION AND EVALUATION ASSETS

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

Expressed in Canadian Dollars

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

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

		March 31, 2018		September 30, 2017
Other Argentina properties	$	172,244	$	168,419
Rio Grande, Argentina	$	856,272	$	682,735
AntaKori property, Peru	$	28,103,385	$	21,796,140
Golden Brew property, Nevada, USA	$	1,127,175	$	1,017,561
	$	30,259,076	$	23,664,855

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Puchuldiza, Chile	Total
Balance, September 30, 2016	$ 309,264	$ 172,153	$ 298,301	$ 17,837,203	$ -	$ 18,616,921
Additions:						
Administrative services	25,769	292	12,925	115,741	-	154,727
Change in estimates related to decommissioning liability	(73,079)	(57,337)	-	19,162	-	(111,254)
Field operations	43,356	40,668	610,726	2,665,829	-	3,360,579
Labour	356,516	-	-	833,442	-	1,189,958
Property payments	-	-	45,328	151,655	-	196,983
Recoveries	(55,368)	-	-	-	-	(55,368)
Taxes and licences	24,301	73,257	-	-	-	97,558
Third party services	158,036	66	50,281	577,095	-	785,478
	479,531	56,946	719,260	4,362,924	-	5,618,661
Foreign exchange movement	(106,060)	(60,680)	-	(403,987)	-	(570,727)
Balance, September 30, 2017	$ 682,735	$ 168,419	$ 1,017,561	$ 21,796,140	$ -	$ 23,664,855
Additions:						
Administrative services	11,041	15	1,807	61,442	-	74,305
Change in estimates related to decommissioning liability	-	5,696	-	-	-	5,696
Field operations	3,739	1,117	54,582	4,808,234	-	4,867,672
Labour	177,510	-	-	187,316	-	364,826
Property payments	-	-	39,891	-	-	39,891
Recoveries	(27,666)	-	-	-	-	(27,666)
Taxes and licences	20,376	33,689	-	-	-	54,065
Third party services	62,629	1,019	13,334	310,601	-	387,583
	247,629	41,536	109,614	5,367,593	-	5,766,372
Foreign exchange movement	(74,092)	(37,711)	-	939,652	-	827,849
Balance, March 31, 2018	$ 856,272	$ 172,244	$ 1,127,175	$ 28,103,385	$ -	$ 30,259,076

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

AntaKori Project, Peru

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

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

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

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

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

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

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

Expressed in Canadian Dollars

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

AntaKori Project, Peru (cont'd…)

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

Payment Due Date		Amount (US$)
Paid during the year ended September 30, 2012	$	580,000
Paid during the year ended September 30, 2013		1,159,170
Paid during the year ending September 30, 2014		1,923,769
December 31, 2014 (paid)		510,000
March 4, 2015 (paid)		350,000
June 30, 2015 (paid)		540,000
September 4, 2015 (paid)		350,000
September 6, 2015 (paid)		50,000
September 15, 2015 (paid)		50,000
December 31, 2015 (paid)		550,000
March 4, 2016 (paid)		351,197
June 30, 2016 (paid)		583,926
September 4, 2016 (paid)		350,000
September 6, 2016 (paid)		37,000
September 15, 2016 (paid)		37,000
December 31, 2016 (paid)		38,000
Total	$	7,460,062

The AntaKori property is in good standing with regard to its option payments.

During the year ended September 30, 2016, the Company announced that its wholly owned Peruvian subsidiary, Southern Legacy Peru S.A.C, ("Regulus Peru"), had entered into binding Memorandum of Understanding agreements ("MOU's") 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, Regulus Peru's AntaKori copper-gold project in northern Peru. These agreements will allow for mutual access, mutual rights of expansion and collaborative exploration of the project area, providing benefit to all three parties. The MOU agreements are to be superceded by more comprehensive definitive agreements. During the year ended September 30, 2017, the Company finalized the execution of a definitive agreement with Coimolache and Colquirrumi, based on the previously executed MOU's with the terms of the agreements remaining effectively the same.

Rio Grande, Argentina

The Company holds a 100% interest in the Rio Grande property in Salta Province, Argentina.

Puchuldiza Property, Chile

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

During the period ended March 31, 2018, the Company wrote off the capitalized cost of $Nil (2017 - $57,840) associated with the Puchuldiza property as a result of management not planning any significant work on the property in the near future.

Expressed in Canadian Dollars

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

Golden Brew, Nevada, USA

On February 14, 2014, the Company signed an agreement with Highway 50 Gold Corp. ("Highway 50") whereby Highway 50 granted Regulus an option (the "Option") to earn a 50% interest in Highway 50's Golden Brew property. In order to exercise the Option, the Company must spend US$5,000,000 on exploration expenditures on the project over 5 years. Upon earn-in the parties will form a joint venture on a 50/50 basis. The transaction was considered to be non-arms length under the rules of the TSX Venture Exchange by virtue of the fact that two of the directors of Regulus, John Leask and Gordon Leask, are also directors of Highway 50. This transaction was unanimously approved by the three other Regulus Board members, all of whom are independent of Highway 50, with John Leask and Gordon Leask both abstaining. During the period ended March 31, 2018, the Company amended and paid the annual option payment from US$50,000 to US$30,000.

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

9. LONG-TERM INVESTMENT

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

		Fair Value		Cost
Balance as at September 30, 2016	$	371,000	$	740,000
Fair market value adjustments		479,000		-
Balance as at September 30, 2017	$	850,000	$	740,000
Fair market value adjustments		(298,000)		-
Balance as at March 31, 2018	$	552,000	$	740,000

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

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		March 31, 2018		September 30, 2017
Trade payables	$	2,227,157	$	2,289,877

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

Expressed in Canadian Dollars

11. DECOMMISSIONING LIABILITY

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

		March 31, 2018		September 30, 2017
Asset retirement obligation – beginning of year	$	356,356	$	1,331,929
Remediation performed		-		(865,821)
Change in estimates		5,696		(111,254)
Interest expense		14,501		39,636
Foreign exchange movement		28,662		(38,134)
Asset retirement obligation – end of year/period	$	405,215	$	356,356

The total amount of estimated undiscounted cash flows required to settled the Company's estimated obligation is $548,093 as at March 31, 2018 (September 30, 2017 - $519,794), which has been discounted using a credit adjusted rate of 10% and an inflation rate of 2%. The present value of the decommissioning liabilities may be subject to change based on management's estimates, changes in remediation technology or changes to applicable laws and regulations. The decommissioning liability relates to the Company's Argentinean properties. The decommissioning liability is expected to be settled at various dates which are currently expected to extend up to 2022.

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

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

Treasury shares: recorded at cost.

During the period ended March 31, 2018, the Company received proceeds of $3,743,388 from the exercise of 5,338,055 warrants at an average price of $0.70 per warrant.

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

Stock Options

The Company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company and its subsidiaries. The number of common shares subject to the stock options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company. The Plan provides for a maximum term of five years for stock options and sets the most favorable vesting terms as one-third of the total stock options granted on the day of the grant and on each of the first and second anniversaries of the date of grant. As at March 31, 2018, the Company had options outstanding to purchase 6,438,334 common shares, subject to early expiry under certain conditions and subject to specified vesting periods.

Expressed in Canadian Dollars

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

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

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2016	6,618,334	$ 0.78
Options exercised	(225,000)	$ 0.45
Balance, September 30, 2017	6,393,334	$ 0.81
Options granted	100,000	$ 1.84
Options expired/forfeited	(55,000)	$ 0.55
Balance, March 31, 2018	6,438,334	$ 0.81
Number of options currently exercisable	5,813,334	$ 0.81

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

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$ 0.45	4,238,334	4,238,334	December 13, 2019
$ 1.50	2,100,000	1,575,000	September 2, 2021
$ 1.84	100,000	-	December 28, 2022
	6,438,334	5,813,334	

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2016	11,536,790	$ 1.17
Warrants exercised	(295,584)	$ 0.91
Balance, September 30, 2017	11,241,206	$ 1.17
Warrants exercised	(5,338,055)	$ 0.70
Balance, March 31, 2018	5,903,151	$ 1.60

Expressed in Canadian Dollars

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

The following table summarizes information about warrants outstanding at March 31, 2018:

Exercise Price	Number Outstanding	Expiry Date
$ 1.60	5,903,151	January 27, 2020

Share-based compensation

The Company recognizes compensation expense for all stock options and warrants granted using the fair value based method of accounting. During the period ended March 31, 2018, the Company recognized $198,625 (2017 - $1,190,005) in share-based compensation expense with respect to options vested during the period.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended March 31, 2018:

	2018	2017
Risk-free interest rate	-	-
Expected life of grant	-	-
Volatility	-	-
Dividend	-	-
Weighted average fair value per option	-	-

13. 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
Maria Eugenia 2 Mina Volare de Cajamarca S.A.C.	Peru	93.75%	Holding company
Minas del Sinchao S.A.	Peru	94.50%	Holding company
Rita Margot de Cajamarco S.A.C.	Peru	87.50%	Holding company
Anta Norte S.A.C.	Peru	99.90%	Mineral exploration
Minera Southern Legacy Chile Limitada	Chile	100%	Mineral exploration
Pachamama (Bermuda) Ltd.	Bermuda	100%	Holding company
Argex Mining Samenta Ltd.	Barbados	100%	Holding company
Argex Cerro Gordo Ltd.	Barbados	100%	Holding company
Regulus Argentina S.A.	Argentina	100%	Mineral exploration
Minera El Toro S.A.	Argentina	100%	Mineral exploration

13. RELATED PARTY TRANSACTIONS (cont'd…)

During the period ended March 31, 2018, the Company entered into the following transactions with key management personnel and related parties.

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director of the Company. For the period ended March 31, 2018, DBD Resources was paid $127,238 (2017 - $79,920). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $21,476 (September 30, 2017 – $Nil) to DBD Resources and $Nil (September 30, 2017 – $27,377) to Mr. John Black for the expenses incurred in the normal course of the business.

b) For the period ended March 31, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $111,333 in consulting fees (2017 – $81,560) and $Nil as a bonus (2017 - $Nil). Consulting fees and bonus paid or accrued to Mr. Pickmann are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued $81,379 (2017 - $80,207) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $18,793 (September 30, 2017 - $Nil) to Mr. Pickmann and owed $1,440 (September 30, 2017 – $756) to the law firm at which Mr. Pickmann was a partner.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the period ended March 31, 2018, Unicus was paid $25,000 (2017 – $25,000). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $Nil (September 30, 2017 – $Nil) to Unicus.

d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, Chief Geological Officer of the Company. For the period ended March 31, 2018, Rock Doctor was paid $127,238 (2017 – $79,920). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $21,476 (September 30, 2017 – $Nil) to Rock Doctor.

Key Management Personnel:

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

Expressed in Canadian Dollars

13. RELATED PARTY TRANSACTIONS (cont'd…)

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Six months ended March 31, 2018			
Chief Executive Officer	$ 127,238	$ 18,872	$ 146,110
Chief Operating Officer	111,333	18,872	130,205
Chief Financial Officer	25,000	18,872	43,872
Chief Geological Officer	127,238	18,872	146,110
Non-executive directors	-	37,744	37,744
	$ 390,809	$ 113,232	$ 504,041
Six months ended March 31, 2017			
Chief Executive Officer	$ 79,920	$ 113,065	$ 192,985
Chief Operating Officer	81,560	113,065	194,625
Chief Financial Officer	25,000	113,065	138,065
Chief Geological Officer	79,920	113,065	192,985
Non-executive directors	-	226,129	226,129
	$ 266,400	$ 678,389	$ 944,789

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

14. 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 March 31, 2018 and 2017 included:

a) $67,726 (2017 - $34,113) in accounts payable and accrued liabilities related to exploration and evaluation assets.

b) $Nil (2017 - $56,250) transferred to share capital on exercise of Nil stock options (2017 – 225,000).

For the three months ended March 31	2018	2017
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

15. SEGMENTED INFORMATION

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

Expressed in Canadian Dollars

15. SEGMENTED INFORMATION (cont'd…)

	Total Assets	Property, Plant and Equipment	Exploration and Evaluation Assets	Other Assets
March 31, 2018				
Canada	$ 2,427,222	$ -	$ -	$ 2,427,222
Argentina	1,109,176	1,812	1,028,516	78,848
Peru	29,375,739	340,494	28,103,385	931,860
Chile	21,516	-	-	21,516
United States	1,127,175	-	1,127,175	-
	$ 34,060,828	$ 342,306	$ 30,259,076	$ 3,459,446

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

	2018	2017
Loss (income) for the three months ended March 31		
Canada	$ 249,258	$ 1,333,150
Bermuda	8,013	22,232
Peru	518,596	(700,443)
Chile	(13,397)	84,037
Argentina	211,630	181,325
	$ 974,100	$ 920,301

16. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

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

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

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

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

Credit risk

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

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

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had a cash balance of $2,773,945 to settle current liabilities of $2,290,342. Management believes that it has sufficient funds to meet its current liabilities as they become due.

Market risk

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

a) Interest rate risk

   The Company has cash balances. The interest earned on 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$, the A-Peso, the Chilean peso ("C-Peso") and the Peruvian nuevo sol ("PEN"). A 10% fluctuation in the US$, A-Peso, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $50,000.

c) Price risk

   The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds, which approximate the carrying amount of these investments. A 10% fluctuation in market prices would affect comprehensive income (loss) by approximately $55,000.

Capital management

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

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

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

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

17. COMMITMENTS

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

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

Management's Discussion and Analysis

For the Six Months Ended March 31, 2018

General

The following Management Discussion and Analysis ("MD&A") of Regulus Resources Inc. (the "Company" or "Regulus") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of May 30, 2018 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the six months ended March 31, 2018 and 2017 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The following should be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2017 and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.regulusresources.com.

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

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

Description of Business and Overview

Regulus was formed in December 2010 in connection with the sale of Antares Minerals Inc. to First Quantum Minerals Ltd. The Antares team responsible for the discovery of the Haquira porphyry copper deposit, which led to the sale of Antares, is seeking to build on that experience and make another major discovery. Regulus was initially established to continue exploration at the 100% held Rio Grande Au-Cu-Mo porphyry project in northern Argentina. The Company put the Rio Grande project on hold in 2012 in response to challenging market conditions and began pursuing opportunities for new mineral projects with good potential for significant discoveries. In September 2014, the Company completed a merger with Southern Legacy Minerals Inc. ("Southern Legacy"). The primary objective of the merger was to acquire the AntaKori Cu-Au-Ag project in northern Peru, which is now the flagship project for Regulus. The AntaKori project is located near several large-scale gold and copper mines and deposits and has an initial NI 43-101 inferred resource of 294.8 million tonnes with a copper grade of 0.48% and a gold grade of 0.36 grams per tonne. Management is confident that further work will expand the current deposit to a size that will be of interest to major mining companies.

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 pertaining to the AntaKori and Rio Grande projects has been reviewed and approved by Dr. Stewart D. Redwood, BSc (Hons), PhD, FIMMM, FGS, Chief Geologist AntaKori Project, and a qualified person (QP) under the definitions of National Instrument 43-101. The scientific and technical data contained in the section pertaining to the Golden Brew project has been reviewed and approved by Gordon Leask, P.Eng., a director of Regulus, who serves as a qualified person (QP) under the definitions of National Instrument 43-101.

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

AntaKori Project

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

Table 1. AntaKori Cu-Au-Ag Project Summary of 43-101 Resources							
	Inferred Category						
Resource Type	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)
In-Pit	125.4	0.25	0.28	6.6	1.0	0.8	26.6
Underground	169.4	0.44	0.63	12.8	2.4	2.4	69.6
Total	294.8	0.36	0.48	10.2	3.4	3.1	93.3

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

AntaKori Overview

The AntaKori project is located in northern Peru and hosts a large Cu-Au-Ag skarn system with associated breccias and porphyry-style mineralization developed in sedimentary and intrusive rocks, and an overprint of epithermal, high-sulphidation mineralization in the overlying volcanic rocks. A NI 43-101 technical report entitled "Technical Report – Southern Legacy Minerals Inc., - AntaKori Project, Peru", dated July 2, 2012 and prepared by Scott E. Wilson, C.P.G. was filed on SEDAR and can be viewed at www.sedar.com under the profile "Southern Legacy Minerals Inc.". The NI 43-101 technical report reports an inferred resource of 294.8 million tonnes grading 0.48% Cu, 0.36 g/t Au and 10.16 g/t Ag (see Table 1 above and refer to the Southern Legacy Minerals news release of July 3, 2012). The resource is based on 17,952 m of drilling, is only reported for the portion of the mineralized system that is owned or controlled by the Company, and is open for expansion in several directions.

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

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

Highlights of the AntaKori Project include the following:

- The Company owns or controls 20 mineral concessions, for a total of 289 hectares, which cover most, but not all of the currently known AntaKori mineralized system. Further consolidation of mineral tenure is in process.
- A total of 17,952 m of drilling was completed in 70 drill holes (22 reverse circulation drill holes and 48 diamond drill holes) by previous operators.
- An Independent NI 43-101 report has documented a large Cu-Au-Ag skarn system with associated, mineralized breccias and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.
- Zones of mineralization have been intercepted by the previous drilling within large geophysical anomalies, thus confirming the utility of the geophysics used in identifying future exploration targets.
- Indication that the mineralized system is open in all directions, and has potential for expansion through future exploration programs.

The scope of the mineralized system at AntaKori offers significant upside potential but it will require several years and extensive drilling to better define this project.

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

Regulus commenced drilling at AntaKori in April 2017 with an objective to confirm and extend the known mineralization. The initial phase of drilling is planned to be approximately 18,000 m which will roughly double the total drilling at the project.

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

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

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

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

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

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

In April 2018, the Company announced the results from six additional drill holes (see news release dated April 13, 2018 at www.regulusresources.com). AK-17-004, 005 and 006 were collared to the east and south of the currently reported AntaKori NI 43-101 resource. The recent expansion of drilling permits has now allowed drilling to step to the north onto Regulus mineral concessions and drill holes AK-18-007, 008 and 009 were collared on Regulus concessions, within the footprint of the reported resource, to confirm and extend the known but only partially delineated resource.

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

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

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

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

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

The 18,000+ m phase one drill program will systematically drill out and extend the previous resource at AntaKori on approximately 150 m centers with a few more closely spaced holes to help determine the geometry of geologic units and the spatial variation of mineralization. The objective of the phase one drill program is to confirm and extend the previously reported mineralization with an updated resource estimate to be completed by the end of this year.

Puchuldiza Overview

The Puchuldiza Au project is 100% owned by the Company and is located 230 km NW of Iquique in the Comuna de Colchane, Tamarugal Province, Region I, Chile. The Puchuldiza project belongs to a class of gold deposits called "hot spring gold deposits". A total of 35 diamond drill holes (6,097 m) have been completed at the Puchuldiza project by previous operators and form the basis for an initial NI 43-101 inferred resource estimate of 30 Mt @ 0.71 g/t Au (using a cut-off grade of 0.5 g/t Au) for a total of 686,000 contained ounces of Au (see the NI 43-101 Technical Report, Pulchuldiza Project, 1 Region, Chile, dated May 15, 2011 under the Southern Legacy Minerals profile at www.sedar.com).

The Company is required to pay a royalty of 1.5% of the net smelter return from commercial production up to a cumulative total of US$5,000,000. The Company completed an initial field review of this project in 2015 with emphasis on determination of potential for higher grade mineralization and to better understand the social and environmental setting of the project. Based upon this review, the Company does not plan any significant work on this project in the near future. Accordingly, all previous exploration expenditures on this project ($1,771,466) have been written-off. The Company has subsequently determined that it will relinquish the property and is currently evaluating the most efficient manner to do so with consideration to potential recovery of tax credits. During the period ended March 31, 2018, the Company wrote off exploration expenditures of $Nil (2017 - $57,840).

Golden Brew Overview

The Company has an option agreement with Highway 50 Gold Corp. to earn a 50% interest in the Golden Brew Project in central Nevada by expending US$5.0 million on exploration over a five-year period. Upon earn-in the parties will form a joint venture on a 50/50 basis. A minimum US$500,000 firm commitment in the first year was delayed by Force Majeure when the permitting process for the project was slowed as the requisite agencies dealt with a request by the U.S. Fish and Wildlife Service to have the Sage-Grouse designated as a species of interest. The Company received guidance from U.S. Forest Service personnel that noise restriction parameters will be observed within 3 miles of active Sage-Grouse mating grounds ("Leks") between the dates of March 1 and June 30. An active Lek is located within this distance from planned exploration activities at the Property. The Company received the final permit allowing the parties to commence drilling on August 1, 2017. As such, the firm commitment of US$500,000 in exploration expenditures was due 120 days from August 1, 2017 (obligation met by September 30, 2017) with all subsequent annual work commitments deferred accordingly. An additional work commitment of US$1,000,000 in exploration expenditures must be completed by November 28th, 2018 to maintain the option agreement in good standing for a total of US1,500,000 in expenditures by that date. To date approximately US$918,000 of exploration expenditures have been completed.

Golden Brew is located at the intersection of the southern flank of the Eastgate volcanic trough and the Western Nevada rift in north-central Nevada. Gold mineralization at Golden Brew is hosted within jasperoid and silicified breccias over a strike length of 2,500 feet and widths up to 200 feet. The jasperoid is developed in thin-bedded limestones and limey siltstones and is anomalous in Carlin-type pathfinder elements of arsenic, antimony and mercury with gold values ranging from 0.1 grams/tonne to 4 grams/tonne. The priority target on the property is the edges of a structural horst block located one mile outboard of the jasperoid outcrop under shallow to moderate thicknesses of pediment cover. Drilling in 2011 intersected a 150 foot section of elevated arsenic and antimony at the south-east corner of the horst block within the favorable carbonate section. The horst block is coincident with the projected intersection of a set of crustal scale structures and a strong magnetic low. This magnetic low may reflect magnetic destruction of alteration related to the mineralizing system. Drilling will focus on the northeastern and southeastern structural corners of the horst block, areas of gravity lows within the gravity high. Gravity lows in this setting may be a function of alteration (decalcification) related to Carlin-type gold mineralization. The targeted areas straddle the boundary between lands administered by the Bureau of Land Management (BLM) and the US Forest Service.

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

In summary, drilling to date at Golden Brew has established a substantial area of altered, oxidized and mineralized thin-bedded silty limestones – favourable hosts for Carlin-style mineralization, within a structurally complex Lower-plate Window. Mineralization here exhibits all the characteristics of a large Carlin-type system. Based upon the results, follow-up drilling is warranted. The Company is currently re-interpreting existing geophysical data as well as studying alteration features with a view to directing future drilling.

Rio Grande Overview

The Company suspended drilling activity at the Rio Grande Project in late 2012 to conserve cash and re-evaluate the exploration strategy in light of challenging market conditions. During 2015 and early 2016, a major project data review was completed including re-logging of all drill core from the project. This data review confirmed that further exploration at depth is merited. Although the Company continues to maintain the project on hold, the political and investment climate in Argentina has notably improved and options to recommence exploration are under evaluation. The June 2016 acquisition of Goldrock Mines Corp. and its Lindero gold project by Fortuna Silver Mines Inc. may also have an impact on future exploration and possible development at the Rio Grande Project. The Lindero gold project is located approximately 10 km from the Rio Grande project and Fortuna Silver has announced that it started construction of a mine.

Other Projects Overview

Field review of the early-stage Aguas Calientes, La Frontera and Oscara projects in northern Argentina was completed in 2015-2016 and determined that further work is warranted at these projects. The Company conducted field mapping and a sampling program on the Aguas Calientes project in 2016 to develop potential drill targets, and is currently evaluating whether to proceed with drilling or to seek a joint venture partner. A drilling permit has been approved for the Aguas Calientes project and drilling could commence on relatively short notice. It is likely that partners will be sought to advance the La Frontera (Catamarca Province) and Oscara (Salta Province) projects.

Outlook for 2018

Exploration activities will continue to focus primarily on the AntaKori project in 2018. The current 18,000m drill program at AntaKori is now approximately 65% complete as of May 30, 2018. Three drill rigs are currently in operation at the project with a fourth drill rig scheduled to arrive during the month of June and a fifth rig contemplated to arrive in July. Completion of the 18,000m drill program is anticipated by Q3-2018 and the results of this program will be incorporated into a revised NI 43-101 resource estimation report to be completed by late 2018. Subject to availability of funding, drilling will continue directly into a subsequent program of approximately 25-35,000m to be completed by approximately Q3 2019 with a corresponding updated resource estimate completed by the end of 2019.

The Company is currently reviewing the results from the 2017 drill program at the Golden Brew project and will be re-interpreting existing geophysical data as well as studying alteration features to help design a program of additional drilling. Completion of additional drilling will be subject to approval from the Board of Directors.

The Company is currently evaluating options to realize value for its exploration portfolio in Argentina, particularly given the improved outlook for foreign investment in exploration activity in the country. A decision on the best way to proceed is anticipated in the near future.

Operations and Financial Condition

Results of Operations for the Six Months Ended March 31, 2018 Compared to the Six Months Ended March 31, 2017

During the six months ended March 31, 2018, loss from operating activities was $974,100 compared to loss from operating activities of $920,301 for the six months ended March 31, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $991,380 in share-based compensation. Share-based compensation was $198,625 for the period ended March 31, 2018 compared to $1,190,005 for the period ended March 31, 2017 due to the timing of vesting of stock options issued in December 2014 and September 2016.

- A gain of $1,067,311 on foreign exchange for the period ended March 31, 2018 compared to $1,858,425 for the period ended March 31, 2017. The difference was mainly the result of fluctuations of the US$, the Argentinian Peso, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current period as compared to the prior period.

The remaining expenses were relatively comparable to the same period of the prior year.

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

During the three months ended March 31, 2018, loss from operating activities was $392,301 compared to income from operating activities of $516,259 for the three months ended March 31, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $451,925 in share-based compensation. Share-based compensation was $79,077 for the period ended March 31, 2018 compared to $531,002 for the period ended March 31, 2017 due to the timing of vesting of stock options issued in December 2014 and September 2016.

- A gain of $802,133 on foreign exchange for the period ended March 31, 2018 compared to $1,823,726 for the period ended March 31, 2017. The difference was mainly the result of fluctuations of the US$, the Argentinian Peso, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current period as compared to the prior period.

- An increase of $129,756 in office and administration fees. Office and administration fees were $213,895 for the period ended March 31, 2018 compared to $84,139 for the period ended March 31, 2017. The increase resulted from a higher volume of office and administrative activities in Peru in the current period compared to the prior period.

The remaining expenses were relatively comparable to the same period of the prior year.

Cash Flow

Operating Activities

Cash outflow from operating activities was $770,412 for the period ended March 31, 2018 compared to cash inflow of $178,537 for the period ended March 31, 2017. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under "Results from Operations".

Financing Activities

Cash inflow from financing activities was $3,743,388 for the period ended March 31, 2018 compared to $91,123 for the period ended March 31, 2017. The increase in cash inflow results primarily from proceeds received from exercise of warrants during the current period.

Investing Activities

Cash outflow from investing activities was $5,885,931 for the period ended March 31, 2018 compared to $1,563,459 for the period ended March 31, 2017. The increase in cash outflow results primarily from an increase in expenditures on exploration and evaluation assets in the current period compared to the prior period.

Summary of Quarterly Results

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

All in $1,000's except loss (gain) per share	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Working capital	$617	$4,297	$4,604	$8,085
Loss (gain)	$392	$582	$1,051	$1,522
Loss (gain) per share	$0.01	$0.01	$0.01	$0.02
Loss (gain) per common share (diluted)	$0.01	$0.01	$0.01	$0.02
Total assets	$34,061	$34,158	$31,592	$30,654
Total liabilities	$2,696	$2,360	$2,674	$1,577
Deficit	$66,639	$66,247	$65,665	$64,615

All in $1,000's except loss (gain) per share	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Working capital	$10,004	$11,375	$12,311	$1,544
Loss (gain)	$(516)	$1,437	$2,761	$818
Loss (gain) per share	$0.01	$0.02	$0.04	$0.01
Loss (gain) per common share (diluted)	$0.01	$0.02	$0.04	$0.01
Total assets	$32,019	$32,495	$33,542	$21,036
Total liabilities	$1,682	$1,988	$2,666	$1,919
Deficit	$63,093	$63,609	$62,173	$59,412

Liquidity and Capital Resources

Cash at March 31, 2018 totaled $2,773,945 compared to $6,815,719 at September 30, 2017. Working capital at March 31, 2018 was $617,104 compared to $4,604,128 as at September 30, 2017. Exploration and evaluation of assets at March 31, 2018 totaled $30,259,076 compared to $23,664,855 as at September 30, 2017. Management is currently evaluating a future financing in the Company including equity raises in order to fund the drilling program proposed to the end of 2018

During the period ended March 31, 2018, the Company received proceeds of $3,743,388 from the exercise of 5,338,055 warrants.

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 74,226,722 common shares issued and outstanding.

Stock Options

Exercise Price	Number Outstanding	Expiry Date
$ 0.45	4,238,334	December 13, 2019
$ 1.50	2,100,000	September 2, 2021
$ 1.84	100,000	December 28, 2022
	6,438,334	

Warrants

Exercise Price	Number Outstanding	Expiry Date
$ 1.60	5,903,151	January 27, 2020
	5,903,151	

Related Party Transactions

During the six month period ended March 31, 2018, the Company entered into the following transactions with key management personnel and related parties.

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director of the Company. For the six month period ended March 31, 2018, DBD Resources was paid $127,238 (2017 - $79,920). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $21,476 (September 30, 2017 – $Nil) to DBD Resources and $Nil (September 30, 2017 – $27,377) to Mr. John Black for the expenses incurred in the normal course of the business.

b) For the six month period ended March 31, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $111,333 in consulting fees (2017 – $81,560) and $Nil as a bonus (2017 - $Nil). Consulting fees and bonus paid or accrued to Mr. Pickmann are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued $81,379 (2017 - $80,207) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $18,793 (September 30, 2017 - $Nil) to Mr. Pickmann and owed $1,440 (September 30, 2017 – $756) to the law firm at which Mr. Pickmann was a partner.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the six month period ended March 31, 2018, Unicus was paid $25,000 (2017 – $25,000). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

At March 31, 2018, the Company owed $Nil (September 30, 2017 – $Nil) to Unicus.

d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, Chief Geological Officer of the Company. For the six month period ended March 31, 2018, Rock Doctor was paid $127,238 (2017 – $79,920). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

At March 31, 2018, the Company owed $21,476 (September 30, 2017 – $Nil) to Rock Doctor.

Key Management Personnel:

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

The remuneration of directors and other members of key management personnel during the periods ended March 31, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Six months ended March 31, 2018			
Chief Executive Officer	$ 127,238	$ 18,872	$ 146,110
Chief Operating Officer	111,333	18,872	130,205
Chief Financial Officer	25,000	18,872	43,872
Chief Geological Officer	127,238	18,872	146,110
Non-executive directors	-	37,744	37,744
	$ 390,809	$ 113,232	$ 504,041
Six months ended March 31, 2017			
Chief Executive Officer	$ 79,920	$ 113,065	$ 192,985
Chief Operating Officer	81,560	113,065	194,625
Chief Financial Officer	25,000	113,065	138,065
Chief Geological Officer	79,920	113,065	192,985
Non-executive directors	-	226,129	226,129
	$ 266,400	$ 678,389	$ 944,789

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

Investor Relations

In April 2018, the Company executed an agreement with Ms. Laura Brangwin to provide investor relations services to the Company. Ms. Brangwin will be paid on an hourly basis up to USD$2,500 per month and will be granted 50,000 stock options of the Company within 90 days of the date of the investors relations agreement (the "IR Agreement"), under the terms and conditions of the Company's Stock Option Plan. The IR Agreement and the grant of options are subject to regulatory approval. Ms. Brangwin does not own any shares of Regulus.

Financial and Capital Risk Management

Please refer to the March 31, 2018 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the March 31, 2018 interim condensed consolidated financial statements on www.sedar.com.

Forward Looking Statements

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers or directors with certain other projects; the volatility of the Company's common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

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