Management's Discussion and Analysis

First Quarter Report for the Three Months Ending December 31, 2015

February 26, 2016

This report provides an analysis of the financial and operating results of Regulus Resources Inc. ("Regulus" or the "Company") for the three month periods ended December 31, 2015 and December 31, 2014 and should be read in conjunction with the Consolidated Financial Statements and the related Notes for the three months then ended (the "Financial Statements").

This MD&A has been approved by the Board of Directors. The Financial Statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is Canadian dollars.

Information herein is current as of February 26, 2016 unless otherwise noted.

The reader is encouraged to review Company statutory filings on www.sedar.com and to review general information including reports and maps on the Company's website at www.regulusresources.com.

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. During the past two years, the Company put the Rio Grande project on "hold" 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 deposits and has an initial NI 43-101 resource of almost 300 million tonnes with attractive grades of copper and gold. 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, and a Qualified Person ("QP") as defined by National Instrument 43-101 (Standards of Disclosure for Mineral Projects).

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 a project located in Nevada (the Golden Brew Property). The Company also holds several other early stage prospects in northwestern Argentina and Canada.

AntaKori Overview

The AntaKori project is located in northern Peru and hosts a large telescoped Cu-Au-Ag porphyry system with associated skarn, 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 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 43-101 technical report described 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 below and refer to the Southern Legacy news release of July 3, 2012). The resource is based on only 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.

Table 1. Summary of NI 43-101 compliant resources for the AntaKori, Rio Grande and Puchuldiza Projects

Resource	Category	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)	Au Eq (M ozs)	Cu Eq (B lbs)
AntaKori Cu-Au-Ag	Inferred	294.7	0.36	0.48	10.16	3.40	3.10	93.30	12.81	5.10
Rio Grande Cu- Au	Indicated	55.3	0.36	0.34	4.38	0.64	0.40	7.80	1.81	0.70
	Inferred	101.1	0.31	0.30	4.40	1.00	0.70	14.40	2.93	1.20
Puchuldiza Au	Inferred	30.1	0.71			0.69			0.69	

*Au Equivalent and Cu Equivalent values were calculated using the following metal prices: Au = US$1200/oz, Cu = US$3.00/lb, and Ag = US$20/oz.

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 (Peruvian Government)

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 has been completed in 70 drill holes (22 RCDH and 48 DDH).
- Several of the more significant drill intercepts reported to date include:
  - SRC-07 106 m with 0.85 g/t Au and 1.42% Cu from surface
  - DDH-37 202.1 m with 1.00 g/t Au and 1.89% Cu
  - DDH-44 103.2 m with 1.03 g/t Au and 1.38% Cu from surface
  - DDH-50 84 m with 1.11 g/t Au and 1.47% Cu
- An Independent 43-101 report has documented a large telescoped Au-Cu porphyry system with associated, mineralized breccias, skarns, 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 AntaKori project is the flagship project for Regulus and the focus of our activity in the upcoming year at the AntaKori project will be as follows: 1) continued consolidation of mineral concessions, 2) completion of agreement with neighboring major mining companies to collaboratively explore the District, 3) negotiation of surface access agreements for areas of interest, 4) preparation and submission of required exploration and drilling permits, 5) completion of remediation of some previous mining and exploration sites with community involvement, 6) completion of surface geological mapping and additional geophysical surveys, 7) significant engagement with surrounding communities to plan for upcoming exploration, and 8) potential initiation of drilling activity by year end.

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

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 and form the basis for an initial NI 43-101 compliant, 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 Table 1 and the NI 43-101 Technical Report, Pulchuldiza Project, 1 Region, Chile, dated May 15, 2011 under the Southern Legacy profile at www.sedar.com).

The Company completed an initial field review of this project in June and July of 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 is seeking a joint venture partner to conduct additional work on the property in 2016.

Golden Brew Overview

The Company has an option agreement with Highway 50 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. A minimum US$500,000 firm commitment in the first year has been 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 an endangered species. The Company has recently 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 exploration activities at the Property. As such, the firm commitment of US$500,000 in exploration expenditures will be due 120 days after the Company receives the final permit allowing the parties to commence drilling. All subsequent annual work commitments will be deferred accordingly.

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 favourable 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. Follow-up 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. Drill permitting is in place for the BLM portion of the property and permitting for the U.S. Forest Service lands has been delayed as the status of Sage Grouse protection has been resolved. The drilling program is anticipated to comprise eight to ten holes for a total of 16,000 feet and a cost of approximately US$400,000. Management currently anticipates that this drilling program will commence in Q3-2016 upon receipt of permits for the targets on U.S. Forest Service land.

Rio Grande Overview

The Company suspended drilling activity at the main Rio Grande Project in late 2012 to conserve cash and re-evaluate the exploration strategy in light of challenging market conditions. During the past year a major project data review has been completed, including re-logging of all drill core from the project. This data review has confirmed potential for further exploration at depth. The Company has currently placed the project on hold and will evaluate the best options and timing to recommence exploration in the future, particularly given favorable results of recent Presidential elections in Argentina.

Other Projects Overview

Shamrock Enterprises Inc. ("Shamrock") has requested a modification in the terms of the option agreement for the Company's Fireweed project ("Fireweed") located in British Columbia. Challenging market conditions have made it difficult for Shamrock to meet its obligations to earn an interest in the project. For consideration of 500,000 shares of the capital stock of Shamrock, Regulus has agreed to amend the agreement such that the Shamrock can earn a 50% interest in the project instead of a 70% interest on a revised payment schedule. In addition, Shamrock has made a firm commitment to spend $100,000 on a 1,500 feet drilling program on Fireweed by December 17, 2016 and revisions to the cash payment schedule, share issuance schedule and exploration work expenditure schedule are as follows:

	Cash Payments	Share Issuances	Annual Work Expenditure	Cumulative Work Expenditure Total
Upon Listing		100,000 (issued)		
February 17, 2010	$50,000 (paid)		$200,000	$200,000
February 17, 2011	$50,000 (paid)	200,000 (issued)	$450,000	$650,000
February 17, 2012	$100,000 (paid)	200,000 (issued)		
February 17, 2013		250,000 (issued)		
February 17, 2014		250,000 (issued)		
August 17, 2014			$200,000	$850,000 (completed)
December 17, 2016		100,000	$100,000	$950,000
December 17, 2017		100,000	$200,000	$1,150,000
December 17, 2018	$100,000	200,000	$300,000	$1,450,000
December 17, 2019	$200,000	200,000	$400,000	$1,850,000
December 17, 2020		400,000	$500,000	$2,350,000
Total	**$500,000**	**2,000,000**	**$2,350,000**	**$2,350,000**

Field review of the Aguas Calientes, La Frontera and Oscara projects was completed in late 2015 and determined that further work is warranted at these projects, particularly in light of an improving political environment for mining and foreign investment in Argentina after recent Presidential elections. The Company will consider the merits of conducting field mapping and a sampling program on the Aguas Calientes project in 2016 to develop potential drill targets. It is likely that partners will be sought to advance the La Frontera and Oscara projects.

OPERATIONS AND FINANCIAL CONDITION

The following selected annual financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with Canadian IFRS guidelines.

All in 1,000's except Loss per Share and # of Shares	2015	2014	2013
Working capital	$ 6,054	$ 7,444	$ 13,240
General & administration expenses	3,100	1,724	3,143
Net loss	3,371	46,290	1,979
Loss per share	0.06	1.39	0.02
Loss per share (fully diluted)	0.06	1.39	0.02
Total assets	23,730	21,185	64,240
Exploration and evaluation assets	15,402	10,991	50,587
Other non-current assets	429	792	69
Total long term liabilities	2,058	1,068	375
Share capital:(1)(2)	78,954	74,027	68,297
Number of Shares:(1)(2)	56,390,583	45,279,473	99,881,603
Retained deficit	55,963	52,592	6,302

(1) The Company has only one kind and class of shares issued and outstanding, being common shares.
(2) No dividends were paid during the years reported above.

Summary of Quarterly Results

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

Unaudited Fiscal Quarters of the Fiscal Year ended September 30, 2016

All in $1,000's except loss per share		First Quarter
Working capital	$	4,753
Loss	$	582
Loss per share	$	0.01
Loss per share (fully diluted)	$	0.01
Total assets	$	23,739
Total liabilities	$	1,911
Deficit	$	56,545

Unaudited Fiscal Quarter of the Fiscal Year ended September 30, 2015

All in $1,000's Except Loss (Gain) per Share		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Working capital	$	11,187	$	9,253	$	8,623	$	6,054
Loss (gain)	$	646	$	604	$	(584)	$	2,705
Loss (gain) per share	$	0.01	$	0.01	$	(0.01)	$	0.05
Loss (gain) per share (fully diluted)	$	0.01	$	0.01	$	(0.01)	$	0.05
Total assets	$	25,381	$	24,095	$	23,802	$	23,730
Total liabilities	$	2,315	$	3,101	$	2,021	$	2,058
Deficit	$	53,238	$	53,842	$	53,258	$	55,963

Unaudited Fiscal Quarter of the Fiscal Year ended September 30, 2014

All in $1,000's except Loss per Share		Second Quarter		Third Quarter		Fourth Quarter
Working capital	$	12,362	$	11,354	$	7,443
Loss	$	28	$	281	$	45,775
Loss per share	$	0.00	$	0.01		$1.37
Loss per share (fully diluted)	$	0.00	$	0.01		$1.37
Total assets	$	59,647	$	58,642	$	21,185
Total liabilities	$	443	$	424	$	3,027
Deficit	$	6,536	$	6,817	$	52,592

Results of Operations for the Three Months Ended December 31, 2015 Compared to the Three Months Ended December 31, 2014

Loss from operating activities

During the three months ended December 31, 2015, loss from operating activities decreased by $64,630 to $582,092 compared to $646,722 for the three months ended December 31, 2014. The decrease in loss from operating activities is due to several factors. Significant variances from the prior year are as follows:

- An increase of $135,923 in share-based compensation. Share-based compensation was $144,735 for the three months ended December 31, 2015 compared to $8,812 for the three months ended December 31, 2014 due to the partial vesting of stock options issued in December 2014.

- A decrease of $25,757 in wages and benefits. Wages and benefits were $38,130 for the three months ended December 31, 2015 compared to $63,887 for the three months ended December 31, 2014. The decrease is largely due to the reduced workforce in the Company's operations in Argentina.

- An increase of $51,987 in management fees. Management fees were $132,655 for the three months ended December 31, 2015 compared to $80,668 for the three months ended December 31, 2014. The increase resulted from the formalization of management contracts of personnel related to the acquisition of Southern Legacy.

- A decrease of $10,135 in legal fees. Legal fees were $66,160 for the three months ended December 31, 2015 compared to $76,295 for the three months ended December 31, 2014. The decrease resulted from legal activity related to the acquisition of Southern Legacy in 2014.

- An increase of $240,067 in gain on foreign exchange. As a result of the increase in the strength of the US$, the gain on foreign exchange was $435,350 in the three months ended December 31, 2015 compared to $195,283 in the three months ended December 31, 2014.

- An increase of $73,199 in exploration and evaluation asset expensed. The expensed amount was $182,347 in the three months ended December 31, 2015 compared to $109,148 in the three months ended December 31, 2014. The expenses were related to ongoing costs at Rio Grande, Argentina and Puchuldiza, Chile which had been previously written off.

The net loss for the three months ended December 31, 2015 was $582,092 or $0.01 per basic and diluted share compared to $646,722 or $0.01 per basic and diluted share for the three months ended December 31, 2014.

Cash Flow

Operating Activities

Cash used in operating activities was $681,721 for the three months ended December 31, 2015 compared to $1,568,819 for the three months ended December 31, 2014. The decrease in cash used in operations results primarily from a decrease in accounts payable and accrued liabilities and the foreign exchange gain on the disposal of marketable securities.

Investing Activities

Cash used in investing activities was $1,395,875 for the three months ended December 31, 2015 compared to $991,674 for the three months ended December 31, 2014. The increase in cash used in investing activities resulted primarily from an increase in acquisition of exploration and evaluation assets which totaled $1,613,381 in the three months ended December 31, 2015 compared to $1,058,896 in the three months ended December 31, 2014t, offset by the disposal of marketable securities of $353,250 in the three months ended December 31, 2015 compared to $180,116 for the three months ended December 31, 2014.

Financing Activities

The Company did not have any financing activities in the three months ended December 31, 2015. In the period ending December 31, 2014, the Company reported net proceeds of $4,926,618 related to a private placement.

The Company's activities are now focused on developing its new assets in Peru. The breakdown of material field operations components of exploration and evaluation of assets as at December 31, 2015 are as follows:

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Puchuldiza, Chile	Total
Balance, September 30, 2015	$ -	$ 298,874	$ 223,337	$ 14,879,624	$ -	$ 15,401,835
Additions:						
Administrative services	15,188	-	-	37,945	-	53,133
Field operations	9,657	-	-	38,113	-	47,770
Labour	108,100	-	-	294,196	-	402,296
Property payments	-	2,052	2,113	1,435,233	-	1,439,398
Taxes and licences	38,109	-	-	672	10,651	49,432
Third party services	642	-	14,213	-	-	14,855
	171,696	2,052	16,326	1,806,159	10,651	2,006,884
Foreign exchange movement	-	(95,654)	(98)	(114,981)	-	(210,733)
Exploration and evaluation asset expensed	(171,696)	-	-	-	(10,651)	(182,347)
Balance, December 31, 2015	-	$ 205,272	$ 239,565	$ 16,570,802	$ -	$ 17,015,639

Liquidity and Capital Resources

Cash at December 31, 2015 totaled $6,397,084 compared to $7,876,643 at September 30, 2015. Working capital at December 31, 2015 was $4,753,252 compared to $6,053,957 as at September 30, 2015. Exploration and evaluation of assets at December 31, 2015 totaled $17,015,639 compared to $15,401,835 as at September 30, 2015. The majority of the increase reflected the activity in Peru. The Company has sufficient working capital to continue operations for at least the next 12 months.

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

As at December 31, 2015 and February 26, 2016, the Company had 56,390,583 common shares issued and outstanding (September 30, 2015 – 56,390,583).

Stock Options

During the three months ended December 31, 2015, no stock options were granted, exercised or expired. As at December 31, 2015, the Company had 4,577,344 stock options outstanding at an exercise price of $0.45, expiring December 17, 2019. If exercised, the 4,577,344 stock options would increase the Company's available cash by $2,059,800. Subsequent to the end of the quarter, up to February 26, 2016, there were no options granted or exercised.

Warrants

During the three months ended December 31, 2015, there were no warrants granted or exercised. At December 31, 2015, the Company had 5,555,555 warrants outstanding. 5,405,555 of the warrants are exercisable until November 3, 2017 and 150,000 of the warrants are exercisable until November 6, 2017. If exercised, the 5,555,555 warrants would increase the Company's available cash by $3,783,888. Subsequent to the end of the quarter and up to February 26, 2016 there were no warrants granted or exercised.

Related Party Transactions

During the three months ended December 31, 2015, 2015, the Company entered into the following transactions with key management personnel:

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 three months ended December 31, 2015, DBD Resources was paid $40,052 (three months ended December 31, 2014 - $34,084). Management services paid to DBD Resources are classified as management fees expense in the consolidated statements of operations and comprehensive gain (loss).

   At December 31, 2015, the Company owed $Nil (December 31, 2014 - $Nil) to DBD Resources.

b) For the three months ended December 31, 2015, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $40,052 (three months ended December 31, 2014 – $34,084). Management services paid to Mr. Pickmann are classified as management fees expense in the consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann is a partner was paid $43,453 (2014 - $26,271) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the consolidated statements of operations and comprehensive gain (loss).

   At December 31, 2015, the Company owed $Nil (December 31, 2014 - $Nil) to Mr. Pickmann.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the three months ended December 31, 2015, Unicus was paid $12,500 (three months ended December 31, 2014 – $12,500). Management services paid to Unicus are classified as management fees expense in the consolidated statements of operations and comprehensive gain (loss).

   At December 31, 2015, the Company owed $Nil (December 31, 2014 - $Nil) to Unicus.

d) The Rock Doctor ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, CGO of the Company. For the three months ended December 31, 2015, Rock Doctor was paid $40,052 (three months ended December 31, 2014 – $34,084). Amounts paid to Rock Doctor are classified as management fees in the consolidated statements of operations and comprehensive gain (loss).

   At December 31, 2015, the Company owed $Nil (December 31, 2014 - $15,900) to Rock Doctor.

Prior to the three month period ended December 31, 2015, the Company entered into the following transactions with related parties:

a) The Company is involved in an arbitration process to settle a dispute between Southern Legacy and a former officer who is claiming an amount of US$200,000 for lost consulting fees. The Company believes the claim has no merit and is actively disputing the claim. The Company has not accrued for this amount.

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 three months ended December 31, 2015 and December 31, 2014 are as follows:

	Salaries	Other Payments	Share-based Benefits	Total
Three months ended December 31, 2015				
Chief Executive Officer	$ -	$ 40,052	$ 22,134	$ 62,186
Chief Operating Officer	-	40,052	22,134	62,186
Chief Financial Officer	-	12,500	22,134	34,634
Chief Geological Officer	-	40,052	22,134	62,186
Non-executive directors	-	-	25,296	25,296
	$ -	$ 132,656	$ 113,832	$ 246,488
Three months ended December 31, 2014				
Chief Executive Officer	$ -	$ 34,084	$ 1,348	$ 35,432
Chief Operating Officer		34,084	1,348	35,432
Chief Financial Officer	-	12,500	1,348	13,848
Chief Geological Officer	-	34,084	1,348	35,432
Non-executive directors	-	-	1,540	1,540
	$ -	$ 114,752	$ 6,932	$ 121,684

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

Investor Relations

Investor relations activities are performed by directors and officers of the Company.

Financial and Capital Risk Management

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 consolidated statements of financial position. The Company's other financial instruments, cash, marketable securities 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 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 December 31, 2015, the Company had a cash balance of $6,397,084 to settle current liabilities of $1,698,570. 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 its accounts 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$, the A-Peso, the Chilean peso ("C-Peso") and the Peruvian neuvo sol ("PEN"). A 10% fluctuation in the US$, A-Peso, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive gain (loss) for the period by approximately $393,000.

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 of gold, 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. A 10% fluctuation in market prices would affect comprehensive gain (loss) by $15,000.

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 evaluation of its exploration and evaluation assets, acquire additional exploration and evaluation assets, and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

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

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

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

Effective January 1, 2015, the following standard was adopted but has had no material impact on the financial statements:

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2018. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

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, not past, 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, directors or promoters 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).