Management's Discussion and Analysis

Third Quarter Report for the Nine Months Ending June 30, 2015

August 28, 2015

This report provides an analysis of the financial and operating results of Regulus Resources Inc. ("Regulus" or the "Company") for the nine month periods ended June 30, 2015 and June 30, 2014 and should be read in conjunction with the Consolidated Financial Statements and the related Notes for the nine 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 August 28, 2015 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

The Company is an exploration stage company engaged principally in the acquisition and exploration of exploration and evaluation assets. The recovery of the Company's investment in its exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral reserves and the ability to raise sufficient capital to finance these operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

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. The project has a preliminary 43-101 inferred resource of 294.8 million tonnes grading 0.48% Cu and 0.36 g/t Au (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 Company has established a new office in Peru and is currently expanding its team to explore the AntaKori project. This project is now the flagship project for Regulus and will be the primary focus of our activities. The focus of our activity in the upcoming year at the AntaKori project will be as follows: 1) continued consolidation of mineral concessions, 2) formation of community relations plan and team, 3) negotiation of surface access agreements for areas of interest, 4) preparation and submission of EIAsd exploration and drilling permit (late 2015), 5) review of all technical data to establish drilling plan, 6) remediation of some previous mining and exploration sites with community involvement, 7) completion of surface geological mapping and additional geophysical surveys and 8) significant engagement with surrounding communities to plan for upcoming exploration.

We will be submitting a permit application to allow the completion of a major drilling program (approximately 20,000 m of drilling in the first year and considerably more in subsequent years). Approval of this type of permit will likely not be received until mid 2016. Accordingly, we do not contemplate drilling activity at the project until mid 2016. 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”.

An example of this style of deposit is at McLaughlin, CA, USA, where approximately 27 million tonnes of 4.49 g/t gold (3.5 million troy ounces) were mined. 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, 2015 with emphasis on determination of potential for higher grade mineralization and to better understand the social and environmental setting of the project. The results of this field review are currently being evaluated and a decision about the future direction of this project will be determined in the next few months.

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 with a minimum US$500,000 firm commitment in the first year. The project offers potential for the discovery of a new Carlin style gold deposit beneath post-mineral gravel cover.

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 is well advanced for the U.S. Forest Service lands. 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. We currently anticipate that this drilling program will commence in Q4-2015 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. We also took a number of steps to substantially reduce our overall expenditures at both project and corporate levels. At the same time, we began a process of examining new project opportunities, which resulted in the Merger with Southern Legacy.

Other Projects Overview

Shamrock Enterprises Inc. has requested a modification in the terms of the option agreement for the Company's Fireweed project located in British Columbia. Challenging market conditions have made it difficult for Shamrock to meet its obligations to earn an interest in the project. Regulus has agreed to a three month extension to the current deadline to allow both parties to pursue a mutually acceptable agreement. The new deadline is now November 17, 2015.

A field and desktop review of the Catua and Aguas Calientes projects in Argentina has determined that the projects have merit but that no additional work is warranted by Regulus at this time given current market conditions. The Company is currently seeking a joint venture partner to advance these projects. The additional early stage exploration projects in Argentina are scheduled for field review in October, weather permitting, to determine if the projects warrant further work by the Company or if they have potential to be offered to other companies.

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	Sep 30, 2014	Sep 30, 2013	Sep 30, 2012
Working capital	$ 7,444	$ 13,240	$ 16,462
General & administration expenses	1,724	3,143	2,967
Net loss	46,290	1,979	2,948
Loss per share	1.39	0.02	0.05
Loss per share (fully diluted)	1.39	0.02	0.05
Total assets	21,185	64,240	67,986
Exploration and evaluation assets	10,991	50,587	50,482
Other non-current assets	792	69	95
Total long term liabilities	1,068	375	1,092
Share capital:(1)(2)	74,027	68,297	68,297
Number of Shares:(1)(2)	45,279,466	99,881,603	99,881,603
Retained deficit	52,592	6,302	4,323

(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.

Results of Operations – For the Nine Months Ended June 30, 2015 Compared to the Nine Months Ended June 30, 2014

Loss from operating activities

During the nine months ended June 30, 2015, loss from operating activities increased by $151,487 to $666,805 compared to $515,318 for the nine months ended June 30, 2014. The increase in loss from operating activities is due to several factors. Significant variances from the prior year are as follows:

- An increase of $379,323 in share-based compensation. Share-based compensation was $552,010 for the nine months ended June 30, 2015 compared to $172,687 for the nine months ended June 30, 2014 due to the granting of new stock options in December 2014.

- An increase of $120,094 in wages and benefits. Wages and benefits were $173,843 for the nine months ended June 30, 2015 compared to $53,749 for the nine months ended June 30, 2014. The increase is largely due to the costs related to the Company's operations in Peru as a result of the acquisition of Southern Legacy that occurred in September 2014.

- An increase of $223,840 in management fees. Management fees were $301,153 for the nine months ended June 30, 2015 compared to $77,313 for the nine months ended June 30, 2014. The increase resulted from the addition of management personnel related to the acquisition of Southern Legacy.

- An increase of $38,897 in legal. Legal was $71,593 for the nine months ended June 30, 2015 compared to $32,696 for the nine months ended June 30, 2014. The increase resulted from legal activity related to the acquisition of Southern Legacy.

- An increase of $152,031 in accounting and audit. Accounting and audit was $201,453 in the nine months ended June 30, 2015 compared to $49,422 in the nine months ended June 30, 2014, with the increase again relating to the costs associated with the acquisition of Southern Legacy.

- An increase of $1,333,287 in gain on foreign exchange. As a result of the rapid increase in the strength of the US$, the gain on foreign exchange was $1,662,509 in the nine months ended June 30, 2015 compared to $329,222 in the nine months ended June 30, 2014. The increase reflects the increase in strength in the US$ in the current year as well as currency adjustments in the accounting records of Southern Legacy.

- An increase of $408,883 in exploration and evaluation asset expensed. The expenses were $408,883 in the nine months ended June 30, 2015 compared to $Nil in the nine months ended June 30, 2014. The expenses were related to ongoing costs at Rio Grande which were written off at September 30, 2014.

The net loss for the nine months ended June 30, 2015 was $666,805 or $0.01 per basic and diluted share compared to $515,318 or $0.005 per basic and diluted share for the nine months ended June 30, 2014.

Cash Flow

Operating Activities

Cash used in operating activities was $1,973,477 for the nine months ended June 30, 2015 compared to $706,227 for the nine months ended June 30, 2014. The increase in cash used in operations results primarily from a decrease in accounts payable and accrued liabilities, an increase in prepaid expenses, and the foreign exchange gain on the disposal of marketable securities.

Investing Activities

Cash used in investing activities was $2,124,693 for the nine months ended June 30, 2015 compared to $143,810 for the nine months ended June 30, 2014. The increase in cash used in investing activities resulted primarily from the disposal of marketable securities of $1,191,283 compared to $2,528,925 for the nine months ended June 30, 2014 and an increase in acquisition of exploration and evaluation assets which was $2,687,389 in the nine months ended June 30, 2015 compared to $348,394 in the nine months ended June 30, 2014.

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, 2015

All in $1,000's except loss per share		First Quarter		Second Quarter		Third Quarter
Working capital	$	11,187	$	9,253	$	8,623
Gain (loss)	$	(646)	$	(604)	$	584
Gain (loss) per share	$	(0.01)	$	(0.01)	$	0.01
Gain (loss) per share (fully diluted)	$	(0.01)	$	(0.01)	$	0.01
Total assets	$	25,381	$	24,095	$	23,802
Total liabilities	$	2,315	$	3,101	$	2,021
Deficit	$	(53,238)	$	(53,842)	$	(53,258)

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

All in $1,000's except Loss per Share		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Working capital	$	13,097	$	12,362	$	11,354	$	7,443
Loss	$	206	$	28	$	281	$	45,775
Loss per share	$	0.01	$	0.00	$	0.01		$1.37
Loss per share (fully diluted)	$	0.01	$	0.00	$	0.01		$1.37
Total assets	$	62,425	$	59,647	$	58,642	$	21,185
Total liabilities	$	565	$	443	$	424	$	3,027
Deficit	$	6,508	$	6,536	$	6,817	$	52,592

Unaudited Fiscal Quarters of the Fiscal Year ended September 30, 2013

All in $1,000's except loss per share		Fourth Quarter
Working capital	$	13,240
Loss (income)	$	(27)
Loss (income) per share	$	(0.000)
Loss (income) per share fully diluted	$	(0.000)
Total assets	$	64,240
Total liabilities	$	719
Deficit	$	6,302

Results of Operations for the Three Months Ended June 30, 2015 Compared to the Three Months Ended June 30, 2014

During the three months ended June 30, 2015, gain from operating activities was $584,061 compared to a loss of $280,746 for the three months ended June 30, 2014. Significant variances from the prior year are as follows:

- An increase of $1,452,924 in gain on foreign exchange for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 ($1,500,721 as compared to $47,797). The increase reflects the increase in strength in the US$ in the current year as well as currency adjustments in the accounting records of Southern Legacy.

- An increase of $46,613 in accounting and audit for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 ($53,848 as compared to $7,235). During the three months ended June 30, 2015, the Company incurred higher costs related to the operations at Southern Legacy.

- An increase of $242,122 in the expensing of exploration and evaluation assets for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 ($242,122 as compared to $Nil). The write-off related to ongoing activities at Rio Grande, Argentina.

- An increase of $97,368 in management fees for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 ($123,122 as compared to $25,754) reflecting the Company's increased activities and the acquisition of Southern Legacy.

- The Company gained $21,645 in interest income for the three months ended June 30, 2015 compared to $36,861 for the three months ended June 30, 2014.

For the three months ended June 30, 2015, some of the variances reported in the statements of operations and comprehensive gain (loss), such as negative expenses in consulting and transfer agent and listing fees, the large expense amount in office and administration and, at least partially, the gain on foreign exchange come as a result of adjustments in the recording and categorizing of expenses in the books and records of Southern Legacy.

Cash Flow

Operating Activities

Cash used in operating activities was $590,351 for the three months ended June 30, 2015 compared to $362,750 for the three months ended June 30, 2014. The increase in cash used resulted primarily from the large decrease in accounts payable and accrued liabilities combined with an increase in foreign exchange gain on marketable securities.

Financing Activities

The Company did not have any financing activities in the three months ended June 30, 2015 and June 30, 2014.

Investing Activities

Cash used in investing activities was $1,334,803 for the three months ended June 30, 2015 compared to $438,087 for the three months ended June 30, 2014 as a result of the increase in exploration and evaluation assets in Peru.

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 June 30, 2015 are as follows:

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Puchuldiza, Chile	Total
Balance, September 30, 2014	$ -	$ 249,252	$ 93,541	$ 9,253,405	$ 1,394,466	$ 10,990,664
Additions:						
Administrative services	25,025	206	358	47,994	18,170	91,753
Field operations	17,112	-	-	131,778	-	148,890
Labour	361,763	-	526	284,017	10,363	656,669
Property payments	-	20,964	88,115	2,089,499	-	2,198,578
Taxes and licences	-	-	-	11,884	-	11,884
Third party services	4,983	4,980	-	-	-	9,963
	408,883	26,150	88,999	2,565,172	28,533	3,117,737
Foreign exchange movement	-	93,556	-	10,130	-	-
Exploration and evaluation asset expensed	(408,883)	-	-	-	-	(408,883)
Balance, June 30, 2015	$ -	$ 368,958	$ 182,540	$ 11,828,707	$ 1,422,999	$ 13,803,204

Liquidity and Capital Resources

Cash at June 30, 2015 totaled $9,298,685 compared to $9,238,633 at September 30, 2014. Working capital at June 30, 2015 was $8,623,036 compared to $7,443,817 as at September 30, 2014. Exploration and evaluation of assets at June 30, 2015 totaled $13,803,204 compared to $10,990,664 as at September 30, 2014. 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 June 30, 2015 and August 28, 2015, the Company had 56,390,577 common shares issued and outstanding (September 30, 2014 – 45,279,466).

Shares held in escrow

As at June 30, 2015, there were no shares remaining in escrow (September 30, 2014 – 645,615). The remaining 548,772 common shares were released from escrow on June 28, 2015.

Stock Options

During the nine months ended June 30, 2015, 4,577,344 stock options were granted at a price of $0.45 per share all expiring December 17, 2019 and no stock options were exercised or expired. As at June 30, 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 August 28, 2015, there were no options granted or exercised.

Financing

During the nine months ended June 30, 2015, 11,111,111 units (each a "Unit") were issued at a purchase price of $0.45 per Unit pursuant to a non-brokered private placement financing for cash proceeds of $5,000,000. Each Unit consisted of one common share of the Company and one half of a common share purchase warrant (each full warrant a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.70 per share. 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 August 28, 2015, there were no warrants granted or exercised.

Related Party Transactions

During the nine months ended June 30, 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 to the Company. For the nine months ended June 30, 2015, DBD Resources was paid $108,192 (nine months ended June 30, 2014 - $40,548). Management services paid to DBD Resources are classified as management fees expense.

   At June 30, 2015, the Company owed $Nil (June 30, 2014 - $Nil) to DBD Resources.

b) For the nine months ended June 30, 2015, Mr. Fernando Pickmann, President, COO and a director to the Company, was paid or accrued $108,192 (nine months ended June 30, 2014 – $Nil). Management services paid to Mr. Pickmann are classified as management fees expense.

   At June 30, 2015, the Company owed $108,192 (June 30, 2014 - $Nil) to Mr. Pickmann.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director to the Company. For the nine months ended June 30, 2014, Unicus was paid $37,500 (nine months ended June 30, 2014 – $36,382). Management services paid to Unicus are classified as management fees expense.

   At June 30, 2015, the Company owed $Nil (June 30, 2014 - $4,245) to Unicus.

   Prior to the nine month period ended June 30, 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 compensation:

	Salaries	Other Payments	Share-based Benefits	Total
Nine months ended June 30, 2015				
Chief Executive Officer	$ -	$ 108,192	$ 17,609	$ 125,801
Chief Operating Officer	-	108,192	17,609	125,801
Chief Financial Officer	-	37,500	17,609	55,109
Non-executive directors	-	-	20,124	20,124
	$ -	$ 253,884	$ 72,951	$ 326,835
Nine months ended June 30, 2014				
Chief Executive Officer	$ -	$ 40,548	$ 114,213	$ 154,761
Chief Financial Officer	-	36,382	114,213	150,595
Non-executive directors	-	-	252,900	252,900
	$ -	$ 76,930	$ 481,326	$ 558,256

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

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 payable on the consolidated statements of financial position. The Company's other financial instruments, cash and cash equivalents, 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 and cash equivalents are held at a large Canadian and Argentinean 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, Chile and Argentina. 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 June 30, 2015, the Company had a cash balance of $9,298,685 to settle current liabilities of $951,336. 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 $295,000.

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 income (loss) by $34,000.

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 June 1, 2014, the following standard was adopted but has had no material impact on the financial statements:

- IAS 32 (Amendment): Standard amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 1, 2014.

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, 2015. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- 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.
- 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).