



(the “Company”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2021 AND 2020

(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, 2021	September 30, 2020
ASSETS		
Current		
Cash	\$ 13,239,514	\$ 2,750,410
Receivables (Notes 4 and 6)	127,826	227,833
Prepaid expenses and deposits (Note 4)	307,154	375,772
	<u>13,674,494</u>	<u>3,354,015</u>
Long-term investments	678,000	418,000
Property and equipment	647,651	639,882
Exploration and evaluation assets (Note 4)	<u>40,450,983</u>	<u>51,891,535</u>
	<u>\$ 55,451,128</u>	<u>\$ 56,303,432</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 498,280	\$ 747,049
	<u>498,280</u>	<u>747,049</u>
Decommissioning liability	<u>383,918</u>	<u>400,897</u>
	<u>882,198</u>	<u>1,147,946</u>
Equity		
Capital stock (Note 5)	114,707,360	114,707,360
Accumulated other comprehensive loss	(4,518,507)	(5,272,470)
Share compensation reserve (Note 5)	16,282,714	14,366,232
Deficit	<u>(71,902,637)</u>	<u>(68,645,636)</u>
	<u>54,568,930</u>	<u>55,155,486</u>
	<u>\$ 55,451,128</u>	<u>\$ 56,303,432</u>

Nature and continuance of operations (Note 1)

Commitments (Note 10)

Subsequent events (Note 11)

Approved by the Board:

Director:

”John Black”

John Black

Director:

“Mark Wayne”

Mark Wayne

Regulus Resources Inc.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

	Three months Ended March 31, 2021	Three months Ended March 31, 2020	Six months Ended March 31, 2021	Six months Ended March 31, 2020
EXPENSES				
Accounting and audit	\$ 66,796	\$ 88,505	\$ 108,771	\$ 144,628
Amortization	8,048	20,468	16,096	20,468
Bank charges and interest	4,225	2,172	5,405	5,099
Consulting fees	19,130	68,037	38,915	137,388
Insurance	7,991	7,024	15,419	14,025
Interest expense	454	4,317	908	4,317
Investor relations and shareholder information	46,877	56,593	72,253	118,741
Legal (Note 6)	14,219	13,807	170,733	94,557
Management fees (Note 6)	177,500	188,842	358,896	371,986
Office and administration	202,765	147,365	402,553	274,791
Rent	7,245	22,815	7,245	44,178
Share-based compensation (Note 5, 6)	249,923	643,279	739,247	1,561,911
Telephone	2,844	504	5,037	5,833
Transfer agent and listing fees	60,963	34,642	129,230	85,430
Travel	32,149	7,010	40,103	24,146
	(901,129)	(1,305,380)	(2,110,811)	(2,907,498)
OTHER ITEMS				
Gain (loss) on foreign exchange	(224,698)	628,689	(550,945)	981,748
Write-off of receivables	(497,022)	(721,634)	(531,378)	(721,835)
Write-off of prepaid expenses	(84,314)	(167,594)	(84,314)	(167,594)
Interest income	3,508	30,108	20,447	45,716
LOSS FOR THE PERIOD	(1,703,655)	(1,535,811)	(3,257,001)	(2,769,463)
Items that may be reclassified subsequently to profit and loss:				
Change in fair market value of long-term investment	(100,000)	-	260,000	(180,000)
Items that will not be reclassified subsequently to profit and loss:				
Translation adjustment	508,958	(745,737)	493,963	(1,151,287)
Comprehensive loss for the period	\$ (1,294,697)	\$ (2,281,548)	\$ (2,503,038)	\$ (4,100,750)
Loss per common share – basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	101,849,844	101,844,844	101,849,844	96,627,238

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

Regulus Resources Inc.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Accumulated Other Comprehensive Loss	Share Compensation Reserve	Deficit	Total
Balance, September 30, 2019	90,994,594	\$ 104,124,561	\$ (5,308,264)	\$ 11,753,485	\$ (63,402,407)	\$ 47,167,375
Shares issued pursuant to a public offering	7,783,875	8,250,908	-	-	-	8,250,908
Shares issued pursuant to a private placement	3,066,375	3,250,358	-	-	-	3,250,358
Share issuance costs	-	(926,968)	-	-	-	(926,968)
Share-based compensation	-	-	-	1,561,911	-	1,561,911
Fair value adjustment to long-term investment	-	-	(180,000)	-	-	(180,000)
Foreign exchange adjustment	-	-	(1,151,287)	-	-	(1,151,287)
Loss for the period	-	-	-	-	(2,769,463)	(2,769,463)
Balance, March 31, 2020	101,844,844	\$ 114,698,859	\$ (6,639,551)	\$ 13,315,396	\$ (66,171,870)	\$ 55,202,834
Balance, September 30, 2020	101,849,844	\$ 114,707,360	\$ (5,272,470)	\$ 14,366,232	\$ (68,645,636)	\$ 55,155,486
Share-based compensation	-	-	-	739,247	-	739,247
Fair value of warrants issued	-	-	-	1,177,235	-	1,177,235
Fair value adjustment to long-term investment	-	-	260,000	-	-	260,000
Foreign exchange adjustment	-	-	493,963	-	-	493,963
Loss for the period	-	-	-	-	(3,257,001)	(3,257,001)
Balance, March 31, 2021	101,849,844	\$ 114,707,360	\$ (4,518,507)	\$ 16,282,714	\$ (71,902,637)	\$ 54,568,930

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the six months ended March 31,

	2021	2020
Cash Flows from Operating Activities		
Loss for the period	\$ (3,257,001)	\$ (2,769,463)
Items not affecting cash:		
Amortization	16,096	20,468
Share-based compensation	739,247	1,561,911
Interest expense	908	-
Write-off of receivables	531,378	721,835
Write-off of prepaid expenses and deposits	84,314	167,594
Changes in non-cash working capital items:		
Receivables	(515,685)	(217,789)
Prepaid expenses and deposits	68,618	(101,454)
Accounts payable and accrued liabilities	(194,973)	(590,236)
Net cash used in operating activities	(2,527,098)	(1,207,134)
Cash Flows from Financing Activities		
Proceeds from public offering	-	8,250,908
Proceeds from private placement	-	3,250,358
Share issuance costs	-	(926,968)
Lease principal payments	-	4,317
Net cash provided by financing activities	-	10,578,615
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(23,865)	-
Lease payments	(15,130)	-
Exploration and evaluation assets	(3,611,805)	(5,761,982)
Sale of mineral property interest	16,198,750	-
Net cash provided by (used in) investing activities	12,547,950	(5,761,982)
Effect of foreign exchange on cash	468,252	(731,254)
Change in cash for the period	10,489,104	2,878,245
Cash, beginning	2,750,410	3,036,369
Cash, end	\$ 13,239,514	\$ 5,914,614

Supplemental disclosures with respect to cash flows (Note 7)

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

1. NATURE AND CONTINUANCE OF OPERATIONS

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

At the date of these interim condensed consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

The Company is domiciled and incorporated in Canada, and its registered and records office is located at 15th Floor, Bankers Court, 850 - 2nd St SW Calgary, Alberta T2P 0R8.

As at March 31, 2021, the Company had working capital of \$13,176,214. During the year ended September 30, 2020, Regulus completed a public offering via prospectus and a concurrent private placement financing (Note 5) to provide it with sufficient capital for the next 12 months or longer. During the period ended March 31, 2021, the Company received a cash payment of \$16,198,750 (USD \$12,500,000) from its royalty agreement with Osisko Royalties Ltd. (Note 5). The Company has no source of operating cash flows, such that the Company’s ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable.

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

Given the uncertainty, management exercised significant judgment in determining the impact of COVID-19 on the Company’s interim condensed consolidated financial statements, including with respect to financial risks, including liquidity, and the assessment of going concern and the carrying values of the Company’s properties, equipment assets and exploration and evaluation assets. The Company has assessed whether there are any impairment indicators for the Company’s equipment assets and exploration and evaluation assets and did not note any significant indicators as of March 31, 2021. Based on management’s judgment, as at the date of these interim condensed consolidated financial statements, there has been no impact from COVID-19 on the Company’s estimates and assumptions that has resulted in the need to recognize impairment. The Company will continue to assess the impact of COVID-19 on commodity, credit, and equity markets, which may impact management’s judgments in the future.

These condensed consolidated interim financial statements were authorized by the audit committee and approved by the board of directors of the Company on May 31, 2021.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed consolidated interim 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 condensed consolidated interim 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.

2. BASIS OF PREPARATION (cont'd...)

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments which have the most significant effect on the amounts recognized in the interim condensed consolidated financial statements:

Functional currencies

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries was determined by conducting an analysis of the consideration factors identified in IAS 21, the Effects of Changes in Foreign Exchange Rates. The functional currency of each entity is disclosed below under "Foreign Exchange".

Impairment of exploration and evaluation assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations. Determining whether to test for impairment of exploration and evaluation assets requires management's judgment, and consideration of whether the period for which the Company has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Estimates

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

Carrying value and recoverability of exploration and evaluation assets

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

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

Fair value of stock options and warrants

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

2. BASIS OF PREPARATION (cont'd...)

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 condensed consolidated interim financial statements include the financial statements of the Company and the entities controlled by the Company (Note 6). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at September 30, 2020. 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, 2020.

Regulus Resources Inc.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the Six Months ended March 31, 2021 and 2020

4. EXPLORATION AND EVALUATION ASSETS

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

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

	AntaKori, Peru
Balance, September 30, 2019	\$ 44,430,445
Additions:	
Administrative services	1,221
Change in estimates related to decommissioning liability	66,816
Field operations	5,025,402
Labour	203,936
Property payments	908,299
Third party services	757,266
	<u>6,962,940</u>
Foreign exchange movement	<u>498,150</u>
Balance, September 30, 2020	<u>51,891,535</u>
Additions:	
Administrative services	8,386
Field operations	3,252,975
Labour	117,938
Sale of mineral property interest (Note 5)	(15,021,515)
Third party services	255,257
	<u>(11,386,959)</u>
Foreign exchange movement	<u>(53,593)</u>
Balance, March 31, 2021	<u>\$ 40,450,983</u>

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;

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

AntaKori Project, Peru (cont'd...)

- (c) Two option and usufruct agreements dated March 2012 were executed whereby two owners of a combined 12.5% ownership of SMRL Rita Margot De Cajamarca granted in favor of Regulus Peru a usufruct right over their 12.5% ownership of the entity. With the usufruct over the vendors' shares, Regulus Peru has an option to acquire 62.5% of the SMRL Rita Margot De Cajamarca capital stock. Each of these option and usufruct agreements provide the owners a net smelter royalty ("NSR") of 0.1875%. Payments made to date are US\$877,000 with no payments remaining;
- (d) Six option and usufruct agreements were executed in December 2012, whereby 30 owners of a combined 62.5% ownership of SMRL El Sinchao De Cajamarca ("El Sinchao") granted in favour of SLM Peru a usufruct right over their 62.5% ownership of the entity with the payment terms set out in the table below. El Sinchao owns 100% of three mining concessions that compose a portion of the AntaKori project. With the usufruct over the vendors' shares, Regulus Peru has an option to acquire 62.5% of El Sinchao capital stock. No smelter royalties or back-in rights exist as part of this option agreement. Payments made to date are US\$1,173,558 with no payments remaining;
- (e) Two option and usufruct agreements were executed in March 2013, whereby four owners of a combined 20.63% ownership of El Sinchao granted in favour of Regulus Peru a usufruct right over their 20.63% ownership of the entity. With the usufruct over the vendors' shares, Regulus Peru increased to 83.13% the total of El Sinchao's capital stock it has options to acquire. These option agreements do not contain smelter royalties or back-in rights clauses. Payments made to date are US\$386,381 with no payments remaining;
- (f) An option and usufruct agreement were executed in September 2014, whereby Regulus Peru purchased 25% of the outstanding shares of Rita Margot de Cajamarca for a total of US\$1,750,000. Payments made to date are US\$1,750,000 with no payments remaining.

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

Payment Due Date	Amount (US\$)
Paid during the year ended September 30, 2012	\$ 580,000
Paid during the year ended September 30, 2013	1,159,170
Paid during the year ended September 30, 2014	1,923,769
Paid during the year ended September 30, 2015	1,850,000
Paid during the year ended September 30, 2016	1,909,123
Paid during the year ended September 30, 2017	38,000
Total	\$ 7,460,062

During the year ended September 30, 2017, the Company's wholly owned Peruvian subsidiary, Southern Legacy Peru S.A.C. ("Regulus Peru"), finalized the execution of definitive agreements with Compañía Minera Coimolache S.A. ("Coimolache") and Compañía Minera Colquirrumi S.A. ("Colquirrumi"), companies that hold mineral concessions immediately adjacent to, and inter-fingering with the Company's AntaKori project. These agreements allow for mutual access, mutual rights of expansion and collaborative exploration of the project area, providing benefit to all three parties.

The Coimolache agreement has a term of five years, renewable with consent from both parties. The agreement is primarily designed to allow the parties to collaboratively explore the project area. In addition, Coimolache has the right to expand its current Tantahuatay oxide pit by laying back onto certain concessions owned by Regulus (the "Regulus Concessions") but assigned to Coimolache for the specific purpose of exploiting oxide gold mineralization. Coimolache will pay a 5% NSR (the "Coimolache NSR Payments") to Regulus for any precious metals produced from oxide material mined on Regulus Concessions. The layback rights are restricted to oxide mineralization only and are further limited by a floor of 3,800 m above sea level. Some of the Regulus Concessions are subject to underlying NSR royalties (the "Underlying NSR Royalties") as indicated in the agreement section above. These Underlying NSR Royalties vary from 0-3% with buy out clauses for some of the royalties as indicated. In the event that the Company receives a Coimolache NSR Payment from a Regulus Concession with an Underlying NSR Royalty(ies), the Company must pay the Underlying NSR Royalty payment from proceeds received from the Coimolache NSR Payment. The Company must pay an Underlying NSR Royalty of 1.5% for the portion of the production from the Napoleon concession and of 3.0% for the portion of the production from the Mina Volare concession.

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

AntaKori Project, Peru (cont'd...)

The Colquirrumi agreement allows Regulus to earn-in to a 70% interest in a 2,571 hectare block of ground held by Colquirrumi by completing 7,500 m of drilling within 3 years from obtaining necessary permits to drill. Regulus received the drilling permits in Q4-2019. The agreement assigns certain mining concessions to the Company's 99.9% owned Peruvian subsidiary, Anta Norte S.A.C. ("Anta Norte") to allow for exploration work to be performed on those claims by Anta Norte during the term of the agreement. Upon notification that Regulus has completed 7,500 m of drilling and elected to obtain a 70% interest in the property, Colquirrumi will have a one time option to claw-back to a 70% interest in the property (leaving 30% to Regulus) by paying Regulus the sum of US\$9 million.

During the period ended March 31, 2021, the Company earned royalties of \$Nil (year ended September 30, 2020 - \$3,908) arising from the terms of the definitive agreement with Coimolache. The Company is also subject to pay NSR's ranging from 1.5% - 3% to the underlying holders of these same claims. As at March 31, 2021, accounts receivable included \$nil (September 30, 2020 - \$3,908) relating to these royalties, and accounts payable includes \$61,274 (September 30, 2020 - \$66,187).

As at March 31, 2021, the Company has \$251,820 (September 30, 2020 - \$375,000) in drilling advances included in prepaid expenses and deposits.

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

Gold Fields Option Agreement

During the period ended March 31, 2021, the Company entered into an option agreement whereby the Company can earn up to a 60% interest in certain claims from Gold Fields La Cima S.A., a subsidiary company of Gold Fields Ltd (the "GF Claims").

The terms of the option agreement are summarized as follows:

- The Company can earn a 60% interest in the GF Claims by incurring US\$3,500,000 in exploration expenditures over a 3-year term, including completing at least 2,500 m of diamond drilling and producing a 43-101 resource estimate incorporating the GF Claims. Upon completion, the Company and Gold Fields will form a joint venture with the Company having a 60% interest and Gold Fields a 40% interest.
- Upon formation of the joint venture, Gold Fields will have a 60-day window to decide if they wish to acquire an additional 20% interest in the joint venture ("Claw Back Right"), bringing their total interest to 60% and the Company's position to 40%, in exchange for:
 - A cash payment of US\$7,500,000 to be paid to the Company.
 - Sole funding US\$5,000,000 in exploration commitments over a 5-year period.
- Upon finalizing the ownership structure of the joint venture, both parties will be required to fund their respective portions towards future exploration activities, and standard dilution policies will apply.
 - Any party that dilutes below a 10% interest in the joint venture will effectively relinquish their pro rata ownership and will maintain a 1.5% Net Smelter Return Royalty ("NSR") interest, 0.5% of which can be bought back by the other party for US\$2,500,000 within 60 days of the announcement of commercial production on the property.
- If Gold Fields exercises its Claw Back Right, the Company will maintain a right to expand a mining operation from its existing claims onto the GF Claims ("Development Right") subject to the general principle that it does not interfere with current or planned mining activities of the joint venture at the time.
 - Upon exercising the Development Right, the Company would pay the joint venture a 5% NSR (effectively a 3% NSR payable to Gold Fields, and a 2% NSR payable to the Company) for any minerals processed from the GF Claims.
 - In addition, the Company would be responsible for all development costs, all operating costs, and all environmental and closure costs (closure costs and environmental costs for any stand-alone mining operation on the GF claims, would be paid by the joint venture).

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

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

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

Treasury shares: recorded at cost.

During the period ended March 31, 2021, the Company closed a previously announced strategic partnership whereby it agreed to grant certain rights to Osisko Gold Royalties Ltd. ("Osisko") in exchange for an upfront cash payment (the "Upfront Payment") of US\$12,500,000 (\$16,198,750). These rights include the following: (i) in the event Regulus acquires any existing royalties within the current AntaKori project area or within a 1 km area of interest surrounding the project on claims owned 100% by Regulus, Osisko has the option to acquire 50% of the acquired royalty by paying 75% of Regulus' purchase price for the royalty; (ii) Osisko will have a right of first refusal on all future royalty or stream transactions in relation to claims on the AntaKori project where Regulus has 100% ownership, or on any additional claims Regulus might acquire with 100% ownership within the area of interest described above; and (iii) should Regulus receive a royalty or stream as consideration for the sale of AntaKori, Osisko will have a right of first refusal should Regulus later choose to sell that royalty or stream. In addition, the Company issued Osisko 5,500,000 warrants having a term of three years and an exercise price equal to \$2.25 per share. The Company recorded a fair value of \$1,177,235 for the 5,500,000 warrants to share compensation reserve, and the residual value of the remaining consideration to \$15,021,515 to exploration and evaluation assets.

During the year ended September 30, 2020, the Company closed a financing comprised of 7,783,875 units of the Company, each comprising one common share and one-half of one common share purchase warrant, at a price of \$1.06 per unit, for aggregate gross proceeds of \$8,250,908. Each whole warrant entitles the holder to purchase one common share of the Company at an exercise price of \$1.70 for a period of two years from the date of issue. Pursuant to a concurrent non-brokered private placement, 3,066,375 units under the same terms were sold to certain funds managed by Route One Investment Co. LP, the Company's largest shareholder, at the offering price, for additional aggregate gross proceeds of \$3,250,358. Together with the public offering, the Company raised total gross proceeds of \$11,501,266. The Company incurred finder's fees and other share issuance costs of \$926,967 pursuant to these financings.

Stock Options

The Company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company and its subsidiaries. The number of common shares subject to the stock options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company. The Plan provides for a maximum term of five years for stock options and sets the most favorable vesting terms as one-third of the total stock options granted on the day of the grant and on each of the first and second anniversaries of the date of grant.

The following table summarized movements in stock options outstanding for the period ended March 31, 2021:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2019	8,100,000	\$ 1.58
Options granted	1,900,000	0.86
Options expired/forfeited	(150,000)	1.73
Balance, September 30, 2020	9,850,000	1.44
Options granted	200,000	1.49
Balance, March 31, 2021	10,050,000	\$ 1.44
Number of options currently exercisable	8,375,000	\$ 1.54

Regulus Resources Inc.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the Six Months ended March 31, 2021 and 2020

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

Share-based compensation

The Company recognizes compensation expense for all stock options and warrants granted and vested using the fair value based method of accounting. During the period ended March 31, 2021, the Company recognized \$739,247 (year ended September 30, 2020 - \$2,612,747) in share-based compensation expense with respect to options vested during the period.

The following table summarizes information about stock options outstanding at March 31, 2021:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
\$ 1.50	1,950,000	1,950,000	September 2, 2021*
0.86	215,000	53,750	June 29, 2023
2.00	50,000	50,000	July 11, 2023
1.60	5,550,000	5,550,000	February 4, 2024
1.78	200,000	200,000	March 1, 2024
1.40	200,000	150,000	June 6, 2024
0.86	1,685,000	421,250	June 29, 2025**
1.49	200,000	-	October 19, 2025
	10,050,000	8,375,000	

*20,000 options forfeited subsequent to March 31, 2021

**56,250 options forfeited subsequent to March 31, 2021

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

	Period ended March 31, 2021	Year ended September 30, 2020
Risk-free interest rate	0.35%	0.36%
Expected life of grant	5 years	4.77 years
Volatility	71.99%	73.19%
Dividend	0.00%	0.00%
Weighted average fair value per option	\$0.50	\$0.50

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2019	4,404,759	\$ 1.61
Warrants issued	5,425,125	1.70
Warrants exercised	(5,000)	1.70
Warrants expired/forfeited	(187,307)	1.90
Balance, September 30, 2020	9,637,577	1.66
Warrants issued	5,500,000	2.25
Balance, March 31, 2021	15,137,577	\$ 1.87

Regulus Resources Inc.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the Six Months ended March 31, 2021 and 2020

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

The following table summarizes information about warrants outstanding at March 31, 2021:

Exercise Price	Number Outstanding	Expiry Date
\$ 1.60	4,217,452	July 27, 2021*
1.70	5,420,125	December 27, 2021
2.25	5,500,000	December 1, 2023
	15,137,577	

*During the year ended September 30, 2020, 4,217,452 warrants with an exercise price of \$1.60 and an original expiry date of January 27, 2020, were extended with a new expiry date of January 27, 2021. On January 5, 2021, these warrants were further extended to a new expiry date of July 27, 2021.

6. RELATED PARTY TRANSACTIONS

The interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Southern Legacy Minerals Inc.	USA	100%	Holding company
Southern Legacy Peru S.A.C.	Peru	100%	Mineral exploration
KoriAnta S.A.C.	Peru	100%	Holding company
SMRL El Sinchao de Cajamara	Peru	83.13%	Holding company
Anta Norte S.A.C.	Peru	99.90%	Mineral exploration
Minera Southern Legacy Chile Limitada	Chile	100%	Mineral exploration
Pachamama (Bermuda) Ltd.	Bermuda	100%	Holding company

During the period ended March 31, 2021, 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, 2021, DBD Resources was paid \$112,489 (2020 - \$117,085). Amounts paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 – \$Nil) to DBD Resources.

- b) For the period ended March 31, 2021, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$112,489 in consulting fees (2020 – \$117,062). Amounts paid to Mr. Pickmann are classified as management fees in the interim condensed consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued \$68,056 (2020 - \$64,015) for legal services. Legal fees paid to Mr. Pickmann’s law firm are classified as legal expenses in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 – \$Nil) to Mr. Pickmann and owed \$20,171 (September 30, 2020 – \$2,435) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

- c) Unicus Funds Ltd. (“Unicus”) is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the period ended March 31, 2021, Unicus was paid \$37,500 (2020 – \$37,500). Amounts paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 – \$Nil) to Unicus.

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

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the Six Months ended March 31, 2021 and 2020

6. RELATED PARTY TRANSACTIONS (cont'd...)

- d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) ("K.B. Heather") is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the period ended March 31, 2021, K.B. Heather was paid \$96,419 (2020 – \$100,339). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 – \$Nil) to K.B. Heather.

- e) At March 31, 2021, the Company was owed \$23,522 (September 30, 2020 - \$Nil) from Aldebaran. This balance is included in receivables at March 31, 2021 and September 30, 2020.
- f) The Company holds 2,000,000 common shares (September 30, 2020 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with a director in common, included within long term investments.

Key Management Personnel:

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

The remuneration of directors and other members of key management personnel during the period ended March 31, 2021 and 2020 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended March 31, 2021			
Chief Executive Officer	\$ 112,489	\$ 85,100	\$ 197,589
Chief Geological Officer	96,419	85,100	181,519
Chief Financial Officer	37,500	85,100	122,600
Chief Operating Officer	112,489	85,100	197,589
Non-executive directors	-	142,032	142,032
	<u>\$ 358,897</u>	<u>\$ 482,432</u>	<u>\$ 841,329</u>
Period ended March 31, 2020			
Chief Executive Officer	\$ 117,085	\$ 241,687	\$ 358,772
Chief Geological Officer	100,339	241,687	342,026
Chief Financial Officer	37,500	241,687	279,187
Chief Operating Officer	117,062	241,687	358,749
Non-executive directors	-	168,136	168,136
	<u>\$ 371,986</u>	<u>\$ 1,134,884</u>	<u>\$ 1,506,870</u>

Regulus Resources Inc.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the Six Months ended March 31, 2021 and 2020

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these interim condensed consolidated financial statements, the significant non-cash transactions for the periods ended March 31, 2021 and 2020 included:

- a) \$260,000 increase (2020 - \$180,000 decrease) in fair value of long-term investment.

For the period ended March 31	2021	2020
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

8. SEGMENTED INFORMATION

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

	Total Assets	Property, Plant and Equipment	Exploration and Evaluation Assets	Other Assets
March 31, 2021				
Canada	\$ 13,924,195	\$ -	\$ -	\$ 13,924,195
Peru	41,427,395	647,651	40,450,983	328,761
Chile	20,544	-	-	20,544
United States	78,994	-	-	78,994
	\$ 55,451,128	\$ 647,651	\$ 40,450,983	\$ 14,352,494

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2020				
Canada	\$ 2,864,534	\$ -	\$ -	\$ 2,864,534
Peru	53,336,197	639,882	51,891,535	804,780
Chile	20,118	-	-	20,118
United States	82,583	-	-	82,583
	\$ 56,303,432	\$ 639,882	\$ 51,891,535	\$ 3,772,015

	2021	2020
Loss for the period ended March 31		
Canada	\$ 2,331,799	\$ 796,347
Peru	926,702	1,973,116
	\$ 3,258,501	\$ 2,769,463

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

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

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

Credit risk

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

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

The Company's receivables consist mainly of tax credits and advances receivable. The Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had a cash balance of \$13,239,514 to settle current liabilities of \$498,280. Management believes that it has sufficient funds to meet its current liabilities as they become due however, as the COVID-19 pandemic has continued to spread, it may adversely affected workforces, economies, as well as financial markets globally, potentially leading to an economic downturn. This has impacted the Company's ability to raise necessary funds. It is not possible for the Company at this time to predict the duration or magnitude of the impact towards the Company's business or results from its operations.

Market risk

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

a) Interest rate risk

The Company has cash balances. The interest earned on the cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in US\$, the Chilean peso ("C-Peso") and the Peruvian nuevo sol ("PEN"). A 10% fluctuation in the US\$, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately \$1,178,000.

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds, which approximate the carrying amount of these investments. A 10% fluctuation in market prices would not have a significant affect on comprehensive (loss) income.

Capital management

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

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

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

10. COMMITMENTS

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

		Peru
2021	\$	16,207
	\$	16,207

11. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company granted 200,000 stock options to a director of the Company at an exercise price of \$0.89 for a period of five years.

REGULUS RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General

The following Management Discussion and Analysis ("MD&A") of Regulus Resources Inc. (the "Company" or "Regulus") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of May 31, 2021 and should be read in conjunction with the interim condensed consolidated financial statements for the six months ended March 31, 2021, the audited consolidated financial statements for the years ended September 30, 2020 and 2019, the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"), and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.regulusresources.com.

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

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

Description of Business and Overview

Regulus was formed in December 2010 in connection with the sale of Antares Minerals Inc. to First Quantum Minerals Ltd. Regulus is managed by the Antares team responsible for the discovery of the Haquira East porphyry copper deposit, which led to the sale of Antares. The goal of the Company is to discover and de-risk a large scale deposit that could ultimately be sold to a major mining company, similar to what was achieved with Antares. Regulus was initially established to continue exploration at its Rio Grande Au-Cu-Mo porphyry project in northern Argentina. The Company put the Rio Grande project on hold in 2012 in response to challenging market conditions and began pursuing opportunities for new mineral projects with good potential for significant discoveries. In September 2014, the Company completed a merger with Southern Legacy Minerals Inc. The primary objective of the merger was to acquire the AntaKori Cu-Au-Ag project in northern Peru, which is now the flagship project for Regulus. The AntaKori project is located in a region with several large-scale gold and copper mines and deposits and adjacent to two operating mines (Tantahuatay and Cerro Corona). In March 2019, the Company released an updated NI 43-101 resource for AntaKori containing Indicated Resources of 250 million tonnes with a copper grade of 0.48%, gold grade of 0.29 grams per tonne and silver grade of 7.5 grams per tonne, and Inferred Resources of 267 million tonnes with a copper grade of 0.41%, gold grade of 0.26 grams per tonne and silver grade of 7.8 grams per tonne. Management is confident that further work will expand the current deposit to a size that will be of interest to major mining companies. In November 2018, all of the Company's assets in Argentina, including the Rio Grande project, were transferred to Aldebaran Resources Inc. as part of a "spin-out" transaction by way of a statutory plan of arrangement.

Significant Events from October 1, 2020 to the Date of this Report

- In October 2020, Anna Tudela was appointed to the Board of Directors.
- In October 2020, the Company re-commenced its Phase II drilling program on the Anta Norte geophysical targets at the north of the AntaKori project. The Anta Norte drill campaign is part of a 25,000 m Phase II program, of which 16,368 m were completed prior to the shutdown in March 2020 due to Covid-19. Further information is discussed under *Outlook for 2021* below.
- In late November 2020, the Company announced the suspension of drilling activity at the Anta Norte portion of the AntaKori project to allow for a safer environment to respond to concerns raised by individuals from a nearby community about potential environmental impacts resulting from the drill program. Further information is discussed under *Outlook for 2021* below.
- In December 2020, the Company announced the finalization of a strategic partnership with Osisko Gold Royalties Ltd. ("Osisko") whereby Regulus agreed to grant certain rights to Osisko in exchange for an upfront cash payment of US\$12.5 M (C\$16,198,750), which will be used to fund exploration and development activities at the AntaKori project, and for working capital and general corporate purposes. Further information is discussed under *Strategic Partnership* below.
- In January 2021, the Company announced drill results from two additional drill holes from its Phase II drill program; AK-20-044 and AK-20-045, the first two holes into the Anta Norte portion of the AntaKori project. The results are discussed under *Mineral Property Review* below.

- In January 2021, the TSX Venture Exchange consented to the extension of the expiry date of 4,217,452 common share purchase warrants (the “Warrants”) that were issued pursuant to a private placement which closed on July 27, 2016 for an additional six months to July 27, 2021. The Warrants are exercisable into common shares of the Company at an exercise price of \$1.60 per common share. All other terms of the Warrants remain the same.
- In February 2021, the Company entered into an option agreement whereby the Company can earn up to a 60% interest in certain claims (the “GF Claims”) from Gold Fields La Cima S.A. (“Gold Fields”), a subsidiary company of Gold Fields Ltd. Further information is discussed under *Gold Fields Option Agreement* below.
- In March 2021, the Company issued an update on the AntaKori project, which is summarized under *Outlook for 2021* below.
- In April 2021, Michael McClelland was appointed to the Board of Directors, with Jason Attew concurrently stepping down as a director.

Outlook for 2021

Exploration activities will continue to focus on the AntaKori project in 2021. The Phase II drilling program re-commenced in mid-October 2020, after a lengthy delay due to the COVID-19 pandemic, with a primary focus on extending known resources and testing the promising Anta Norte geophysical targets to the north. The Phase II program was designed to consist of approximately 25-30,000 metres of additional drilling and will form the basis for an updated mineral resources estimate to be completed by the end of 2021. A total of 18,023 m of drilling have been completed to date as part of the Phase II drilling program; of which 14,162 m were completed on Regulus claims, 3,669 m on the Colquirrumi joint venture claims and 191 m on Coimolache claims.

The Phase II drill program on the Anta Norte targets to the north of the principal portion of the AntaKori project was suspended in November 2020 due to some concerns from local communities regarding discoloration and potential contamination of the Aguas Coloradas Reservoir (Coloured Waters Reservoir). Regulus can confidently state that the drilling at Anta Norte has not affected the Aguas Coloradas Reservoir, as this body of water is located well to the east of where the drilling was occurring and is at a higher elevation and in a completely different drainage basin. A water sampling program completed by the Government Agencies responsible for water management in Peru (ANA – Autoridad Nacional de Agua and ALA – Administracion Local de Agua – Cajamarca), with local community participation, determined that any turbidity or discoloration in the Aguas Coloradas Reservoir was not related to mining activity. As requested by the local community of Tranque de Pujupe, an independent consulting firm specializing in water and environmental matters reviewed the occurrence of discoloration of the waters in the Aguas Coloradas Reservoir and reported that the water quality meets standards for agricultural use (the purpose for the reservoir), that temporary discoloration and turbidity of the water is likely due to iron-oxide rich soils and natural rock outcrops along the margins of the reservoir, and that it is not possible that the drilling activity on the Anta Norte targets is affecting the water of the reservoir for the same reasons previously stated by the Company. The results of these investigations have been and will continue to be widely communicated to local and regional stakeholders.

Given the political uncertainty in Peru along with a strong surge in COVID-19 cases in Peru, the Company decided in March of 2021 to maintain its suspension of drilling activities at Anta Norte and at the main AntaKori project pending a favourable resolution to these issues. The first round of Peruvian Presidential and Congressional elections on April 11th did not provide any resolution to the political uncertainty in Peru as the two top candidates for President coming out of the April elections appear to have diametrically opposed views on how to govern the mining industry, among other things. Given this continuing high level of political uncertainty, the Company is maintaining its suspension of drilling activities until after the Peruvian Presidential election on June 6, 2021. The Company is continuing to work with all involved parties to be able to reinitiate drilling and to continue to provide support and benefits to the communities in the vicinity of the project but the Company is currently unable to predict when drilling activities will resume.

Prior to suspension of drilling, the first two holes had nearly reached anticipated completion depths. Hole AK-20-044 stopped at 813.40 m depth and hole AK-20-45 stopped at 841.40 m depth. Hole AK-20-044 was a 370 m step out from previous drilling and successfully extended the mineralized footprint of the AntaKori system well beyond the current limits of the 2019 resource model and conceptual pit. The results are discussed in more details under *Mineral Property Review* below. These holes confirm the hypothesis that favourable alteration and mineralization extend significantly to the north of both the reported AntaKori resource and the previously released drill holes in this area.

In addition, the Company had also selected 50 samples for metallurgical analysis that have been sent to local laboratories in Peru. It is anticipated that the Company will receive results on metallurgical testing by Q3-2021. Based upon the results from the metallurgical work, the Company will be able to begin developing a processing flow-sheet for the AntaKori project.

Given the ongoing Covid-19 pandemic and political uncertainty in Peru, the Company cannot accurately predict an exploration budget for the remainder of 2021. The Company currently projects an exploration budget of approximately \$10 million with the majority dedicated to completing approximately 12,000 m of diamond drilling to complete the Phase II program and the acquisition of surface rights and investments into local communities.

At the date of this MD&A, the Company has approximately C\$12 million in cash and cash equivalents. The only firm commitments for the AntaKori project include 2021 annual concession fees and remediation costs estimated at US\$50,000 annually and one public works project at an estimated cost of US\$300,000.

Strategic Partnership

In December 2020, the Company finalized a strategic partnership (the “Osisko Partnership”) whereby Regulus has granted certain rights to Osisko in exchange for an upfront cash payment (the “Upfront Payment”) of US\$12.5 M (C\$16,198,750). Details of the Osisko Partnership are as follows:

- (a) There are existing royalties covering various claims on the AntaKori project currently held by private parties as described in the AntaKori Technical Report (defined below under *AntaKori Project*). In the event Regulus acquires any existing royalties within the current project area or within a 1 km area of interest surrounding the project on claims owned 100% by Regulus, Osisko has the option to acquire 50% of the acquired royalty by paying 75% of Regulus’ purchase price for the royalty;
 - (i) As a significant initial transaction under the Osisko Partnership, Regulus has acquired a royalty on the Mina Volare claim of the AntaKori project which represents a 1.5% or 3% NSR, depending on location, from a private vendor. As per its right under the Osisko Partnership, Osisko has elected to acquire 50% of the royalty for 75% of Regulus’ purchase price, with Osisko’s acquisition cost for the royalty included in the Upfront Payment. Regulus has retired the remaining 50% of the royalty. As such, the Royalty on the Mina Volare claim is now reduced to a 0.75% or 1.5%, depending on location, in favour of Osisko.
 - (ii) The AntaKori project currently has an in-situ resource with 2.6 billion pounds of copper, 2.3 million ounces of gold and 61 million ounces of silver in the indicated category, and 2.4 billion pounds of copper, 2.2 million ounces of gold and 67 million ounces of silver in the inferred category as per the AntaKori Technical Report.
 - (iii) The Mina Volare claim, where Osisko has acquired the initial royalty, contains approximately 75% of the indicated resource tonnes and approximately 50% of the inferred resource tonnes within the AntaKori project based on the AntaKori Technical Report.
- (b) Osisko will have a right of first refusal on all future royalty or stream transactions in relation to claims of the AntaKori project where Regulus has 100% ownership or any additional claims Regulus might acquire with 100% ownership within the area of interest described above;
- (c) Should Regulus receive a royalty or stream as consideration for the sale of AntaKori, Osisko will have a right of first refusal should Regulus later choose to sell that royalty or stream; and
- (d) Regulus has issued to Osisko 5.5 million warrants having a term of 3 years and an exercise price equal to \$2.25 per share representing a 48% premium to the volume-weighted average price of Regulus’ shares over the 20-trading day period ending September 30, 2020.

Gold Fields Option Agreement

In February 2021, the Company entered into an option agreement to earn up to a 60% interest in the GF Claims from Gold Fields. The addition of the GF claims grows the Company’s land position in the AntaKori project, will increase future resource estimations via the ability to deepen and pushback the current conceptual resource pit on to these claims, and provides additional exploration opportunities to increase the mineralized footprint at the AntaKori project.

The terms of the option agreement are summarized as follows:

- Regulus can earn a 60% interest in the GF Claims by incurring US\$3.5 M in exploration expenditures over a 3-year term, including completing at least 2,500 m of diamond drilling and producing a 43-101 resource estimate incorporating the GF Claims. Upon completion, Regulus and Gold Fields will form a joint venture with Regulus having a 60% interest and Gold Fields a 40% interest.
- Upon formation of the joint venture, Gold Fields will have a 60-day window to decide if they wish to acquire an additional 20% interest in the joint venture (“Claw Back Right”), bringing their total interest to 60% and Regulus’ position to 40%, in exchange for:
 - A cash payment of US\$7.5 M to be paid to Regulus.
 - Sole funding US\$5 M in exploration commitments over a 5-year period.
- Upon finalizing the ownership structure of the joint venture, both parties will be required to fund their respective portions towards future exploration activities, and standard dilution policies will apply.
 - Any party that dilutes below a 10% interest in the joint venture will effectively relinquish their pro rata ownership and will maintain a 1.5% Net Smelter Return Royalty (“NSR”) interest, 0.5% of which can be bought back by the other party for US\$2.5 M within 60 days of the announcement of commercial production on the property.
- If Gold Fields exercises its Claw Back Right, Regulus will maintain a right to expand a mining operation from its existing claims onto the GF Claims (“Development Right”) subject to the general principle that it does not interfere with current or planned mining activities of the joint venture at the time.
 - Upon exercising the Development Right, Regulus would pay the joint venture a 5% NSR (effectively a 3% NSR payable to Gold Fields, and a 2% NSR payable to Regulus) for any minerals processed from the GF Claims.
 - In addition, Regulus would be responsible for all development costs, all operating costs, and all environmental and closure costs (closure costs and environmental costs for any stand-alone mining operation on the GF claims, would be paid by the joint venture).

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

Longer-term Outlook

Following the completion of the AntaKori Phase II drilling program, estimated for Q3 2021, the Company plans to prepare an updated mineral resource estimate in Q4 of 2021. If the extent of the deposit is not defined by the Phase II drilling program, additional drilling (Phase III) will likely continue. The Company is currently evaluating the best manner in which to complete a preliminary economic assessment (“PEA”) once the extent of the mineralization is largely defined given the challenges of the fragmented land ownership in the Hualgayoc District. Once the PEA is completed, 1-2 years of infill drilling, metallurgy and other pre-feasibility level field investigations would be completed, leading to a pre-feasibility study at the earliest possible date of 2023. Completion of all of the Company’s objectives is subject to the Risks and Uncertainties listed at the conclusion of this MD&A, including the ability of the Company to raise additional capital in a timely manner.

Mineral Property Review

This review has been prepared by John Black, CEO and Director of the Company. The scientific and technical data contained in the section has been reviewed and approved by Dr. Kevin B. Heather, BSc (Hons), MSc, PhD, FAusIMM, Chief Geological Officer of the Company, who serves as a qualified person (QP) under the definitions of National Instrument 43-101.

AntaKori Project

The flagship project for Regulus is the AntaKori Cu-Au-Ag project located in northern Peru. A NI 43-101 technical report entitled “AntaKori Project, Cajamarca Province, Peru, NI 43-101 Technical Report” (the “AntaKori Technical Report”), dated February 22, 2019 and prepared by Amec Foster Wheeler (Perú) S. A., a Wood company, was filed on SEDAR and can be viewed at www.sedar.com under the profile *REGULUS RESOURCES INC.* The AntaKori Technical Report reports Indicated Resources of 250 million tonnes grading 0.48% Cu, 0.29g/t Au and 7.5g/t Ag, and Inferred Resources of 267 million tonnes grading 0.41% Cu, 0.26g/t Au and 7.8g/t Ag (please refer to Regulus news release of March 1, 2019 and table above). The estimate is based on historical drilling completed by El Misti Gold (1997-98) and Sinchao Metals (2007-08), as well as new drilling completed through November 2018 by Regulus and drilling data provided through a collaborative agreement established in 2017 with the adjoining property holder (see press release by Regulus dated January 24, 2017). The reported resource is only reported for the portion of the mineralization system that is owned or controlled by Regulus and is open for expansion in several directions.

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

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

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

AntaKori Overview

The AntaKori project hosts a large Cu-Au-Ag skarn system with associated breccias and porphyry-style mineralization developed in sedimentary and intrusive rocks, with a later overprint of epithermal, high-sulphidation mineralization associated with the overlying Miocene volcanic rocks. The project is located 60 km north of the city of Cajamarca in the Hualgayoc District, in a world-class Au-Cu province which hosts a number of nearby deposits, as described below.

- Immediately adjacent to the producing Tantahuatay Gold Mine (Buenaventura-Southern Copper)

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

Highlights of the AntaKori project include the following:

- The Company owns or controls 20 mineral concessions, for a total of 438 hectares, which cover most, but not all of the currently known AntaKori mineralized system. Further consolidation of mineral tenure is in process.
- A total of 17,954 m of drilling was completed in 70 drill holes (22 reverse circulation drill holes and 48 diamond drill holes) by previous operators El Misti Gold (1997-98) and Sinchao Metals (2007-08).
- A total of 41,222 m of diamond drilling in 52 holes has been completed by Regulus to date.
- The AntaKori Technical Report has documented a large Cu-Au-Ag skarn system with associated mineralized breccias and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.
- Zones of mineralization have been intercepted by the previous drilling within large geophysical anomalies, thus confirming the utility of the geophysics used in identifying future exploration targets.
- Indication that the mineralized system is open in all directions, and has potential for expansion through future exploration programs.
- Access to infrastructure as property is located adjacent to two operating mines.

The scope of the mineralized system at AntaKori offers significant upside potential but it requires additional drilling to better define this project.

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

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

The Phase I drill program at AntaKori was completed in October 2018 with a total of 22,140 m drilled through hole AK-18-027 (20,325.72m within Regulus concessions). Drilling continued directly into the Phase II program with an additional nineteen holes completed to date (18,023 m from AK-18-028 through AK-20-045). The Phase I program successfully completed the objective of confirming and extending the previously reported resource at AntaKori and provided the basis for the preparation of an updated mineral Resource Estimate which was completed in Q1-2019.

In mid-October 2020, the Company re-commenced the Phase II drill program. In November 2020, the Phase II drill program was halted. See *Outlook for 2021* for further details.

In January 2021, the Company announced the results from Phase II drill holes AK-20-044 and AK-20-045 (see news release dated January 7, 2021).

Highlights from drill holes AK-20-044 and AK-20-045 - AntaKori project:

- AK-20-044:
 - 10.60 m of 0.28% Cu, 0.20 g/t Au and 8.36 g/t Ag (0.50% CuEq) from 281.90 m
 - 59.05 m of 0.47% Cu, 0.38 g/t Au and 30.77 g/t Ag (1.02% CuEq) from 304.25 m
 - 141.60 m of 0.22% Cu, 0.22 g/t Au and 5.71 g/t Ag (0.43% CuEq) from 477.00 m
 - Including 10.20 m of 0.15% Cu, 1.08 g/t Au and 15.77 g/t Ag (1.07% CuEq) from 479.00 m

- Including 14.70 m of 0.35% Cu, 0.61 g/t Au and 20.61 g/t Ag (0.98% CuEq) from 562.90 m ▪ 50.80 m of 0.32% Cu, 0.28 g/t Au and 1.71 g/t Ag (0.54% CuEq) from 762.60 m
 - Including 10.80 m of 0.48% Cu, 0.44 g/t Au and 2.51 g/t Ag (0.81% CuEq) from 779.70 m
- Alteration and mineralization were increasing towards the bottom of the hole
- Hole was stopped before it reached the end of the favourable geological sequence for skarn-style mineralization
- AK-20-045:
 - 15.90 m of 0.31% Cu, 0.76 g/t Au and 2.24 g/t Ag (0.87% CuEq) from 640.75 m
 - 17.25 m of 0.33% Cu, 0.36 g/t Au and 2.44 g/t Ag (0.61% CuEq) from 821.65 m
 - Alteration and mineralization were increasing towards the bottom of the hole
 - Hole was stopped before it reached the end of the favourable geological sequence for skarn-style mineralization.

Further details regarding the mineralized intercepts encountered in drill holes AK-20-044 and AK-20-045 together with a discussion of the results can be found on the Regulus website.

Operations and Financial Condition

Results of Operations for the Six Months Ended March 31, 2021 Compared to the Six Months Ended March 31, 2020

During the six months ended March 31, 2021, loss from operating activities was \$3,257,001 compared to loss from operating activities of \$2,769,463 for the six months ended March 31, 2020. Significant variances from the same period in the prior year are as follows:

- A decrease of \$98,473 in consulting fees. Consulting fees was \$38,915 for the six months ended March 31, 2021 compared to \$137,388 for the six months ended March 31, 2020. The variance is due to the departure of a consultant in the current period.
- An increase of \$76,176 in legal expenses. Legal expenses was \$170,733 for the six months ended March 31, 2021 compared to \$94,557 for the six months ended March 31, 2020. The variance is due to an increase in legal activities related to the Osisko Partnership.
- An increase of \$127,762 in office and administration. Office and administration was \$402,553 for the six months ended March 31, 2021 compared to \$274,791 for the six months ended March 31, 2020. The variance is mainly due to a bonus paid to an employee of the Company in the current period in connection with the completion of the Osisko Partnership.
- A decrease of \$822,664 in share-based compensation. Share-based compensation was \$739,247 for the six months ended March 31, 2021 compared to \$1,561,911 for the six months ended March 31, 2020 due to the timing of vesting of stock options issued.
- A loss of \$550,945 on foreign exchange for the six months ended March 31, 2021 compared to a gain of \$981,748 for the six months ended March 31, 2020. The difference was mainly the result of fluctuations of the US\$, the Peruvian Nuevo Sol and the CAD\$.
- During the six months ended March 31, 2021, the Company wrote-off receivables of \$531,378 (2020 - \$721,835) related to Peru's value-added tax. The Company's accounting practice is to write these receivables off until they are actually collected. If and when these receivable are collected, the write-off will be reversed to the extent of such collection.

Results of Operations for the Three Months Ended March 31, 2021 Compared to the Three Months Ended March 31, 2020

During the three months ended March 31, 2021, loss from operating activities was \$1,703,655 compared to loss from operating activities of \$1,535,811 for the three months ended March 31, 2020. Significant variances from the same period in the prior year are as follows:

- A decrease of \$48,907 in consulting fees. Consulting fees was \$19,130 for the three months ended March 31, 2021 compared to \$68,037 for the three months ended March 31, 2020. The variance is due to the departure of a consultant in the current period.
- An increase of \$55,400 in office and administration. Office and administration was \$202,765 for the three months ended March 31, 2021 compared to \$147,365 for the three months ended March 31, 2020. The variance is mainly due to a bonus paid to an employee of the Company in the current period in connection with the completion of the Osisko Partnership.
- A decrease of \$393,356 in share-based compensation. Share-based compensation was \$249,923 for the three months ended March 31, 2021 compared to \$643,279 for the three months ended March 31, 2020 due to the timing of vesting of stock options issued.
- A loss of \$224,698 on foreign exchange for the three months ended March 31, 2021 compared to a gain of \$628,689 for the three months ended March 31, 2020. The difference was mainly the result of fluctuations of the US\$, the Peruvian Nuevo Sol and the CAD\$.
- During the three months ended March 31, 2021, the Company wrote-off receivables of \$497,022 (2020 - \$721,634) related to Peru's value-added tax. The Company's accounting practice is to write these receivables off until they are actually collected. If and when these receivable are collected, the write-off will be reversed to the extent of such collection.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$2,527,098 for the six months ended March 31, 2021 compared to \$1,207,134 for the six months ended March 31, 2020. 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 \$nil for the six months ended March 31, 2021 compared to cash inflow of \$10,578,615 for the six months ended March 31, 2020. The cash inflow in the previous period was a result of proceeds from an equity financing.

Investing Activities

Cash inflow from investing activities was \$12,547,950 for the six months ended March 31, 2021 compared to cash outflows of \$5,761,982 for the six months ended March 31, 2020. The cash inflows in the current period are primarily the result of the \$16,198,750 Osisko Partnership less the cash outflows for the current period, and cash outflows in the previous period are primarily from expenditures on exploration and evaluation assets.

Summary of Quarterly Results

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

All in \$1,000's except loss (gain) per share	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Working capital (deficiency)	\$13,176	\$15,710	\$2,607	\$4,394
Loss (gain)	\$1,704	\$1,553	\$(721)	\$1,995
Loss (gain) per share	\$0.02	\$0.01	\$(0.01)	\$0.02
Loss (gain) per common share (diluted)	\$0.02	\$0.01	\$(0.01)	\$0.02
Total assets	\$55,451	\$56,577	\$56,303	\$56,034
Total liabilities	\$882	\$963	\$1,148	\$1,115
Deficit	\$71,903	\$70,199	\$68,646	\$69,367

All in \$1,000's except loss (gain) per share	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Working capital (deficiency)	\$5,539	\$8,222	\$2,235	\$6,269
Loss (gain)	\$2,736	\$1,238	\$2,325	\$5,373
Loss (gain) per share	\$0.03	\$0.01	\$0.04	\$0.05
Loss (gain) per common share (diluted)	\$0.03	\$0.01	\$0.04	\$0.05
Total assets	\$56,734	\$59,348	\$49,671	\$50,872
Total liabilities	\$1,531	\$2,458	\$2,503	\$1,722
Deficit	\$66,172	\$64,640	\$63,402	\$59,077

Liquidity and Capital Resources

Cash at March 31, 2021 totaled \$13,239,514 compared to \$2,750,410 at September 30, 2020. Working capital at March 31, 2021 was \$13,176,214 compared to \$2,606,966 as at September 30, 2020. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. See *Outlook for 2021* above for further details.

In December 2020, the Company announced the closing of the Osisko Partnership. The transaction added US\$12.5 M (C\$16,198,750) to the Company's treasury, which will be used to fund exploration and development activities at the AntaKori project, and for working capital and general corporate purposes. Further information is discussed under *Strategic Partnership* above.

Exploration and evaluation of assets at March 31, 2021 totaled \$40,450,983 compared to \$51,891,535 as at September 30, 2020. The decrease was caused by recording the Osisko Partnership as a sale of a mineral property interest in the amount of \$16,198,750, offset mainly by exploration expenditures of \$3,611,805 in the current period.

The ability of the Company to recover the costs it has incurred to date on its exploration and evaluation assets is dependent upon the Company being able to finance its exploration and development expenditures and to resolve any environmental, regulatory or other constraints which may hinder the successful exploitation or disposal of its exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

Share Capital

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

As at the date of this report, the Company had 101,849,844 common shares issued and outstanding and the following stock options and warrants outstanding:

Stock Options

Exercise Price	Number Outstanding	Expiry Date
\$ 1.50	1,930,000	September 2, 2021
\$ 0.86	215,000	June 29, 2023
\$ 2.00	50,000	July 11, 2023
\$ 1.60	5,550,000	February 4, 2024
\$ 1.78	200,000	March 1, 2024
\$ 1.40	200,000	June 6, 2024
\$ 0.86	1,628,750	June 29, 2025
\$ 1.49	200,000	October 19, 2025
\$ 0.89	200,000	April 13, 2026
	10,173,750	

Warrants

Exercise Price	Number Outstanding	Expiry Date
\$ 1.60	4,217,452	July 27, 2021
\$ 1.70	5,420,124	December 27, 2021
\$ 2.25	5,500,000	December 1, 2023
	15,137,576	

Related Party Transactions

During the period ended March 31, 2021, 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, 2021, DBD Resources was paid \$112,489 (2020 - \$117,085). Amounts paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 - \$Nil) to DBD Resources.

- b) For the period ended March 31, 2021, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$112,489 in consulting fees (2020 - \$117,062). Amounts paid to Mr. Pickmann are classified as management fees in the interim condensed consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued \$68,056 (2020 - \$64,015) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 - \$Nil) to Mr. Pickmann and owed \$20,171 (September 30, 2020 - \$2,435) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

- c) Unicus Funds Ltd. (“Unicus”) is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the period ended March 31, 2021, Unicus was paid \$37,500 (2020 – \$37,500). Amounts paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 – \$Nil) to Unicus.

- d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) (“K.B. Heather”) is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the period ended March 31, 2021, K.B. Heather was paid \$96,419 (2020 – \$100,339). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of profit and loss.

At March 31, 2021, the Company owed \$Nil (September 30, 2020 – \$Nil) to K.B. Heather.

- e) At March 31, 2021, the Company was owed \$23,522 (September 30, 2020 - \$Nil) from Aldebaran. This balance is included in receivables at March 31, 2021 and September 30, 2020.
- f) The Company holds 2,000,000 common shares (September 30, 2020 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with a director in common, included within long term investments.

Key Management Personnel:

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

The remuneration of directors and other members of key management personnel during the period ended March 31, 2021 and 2020 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended March 31, 2021			
Chief Executive Officer	\$ 112,489	\$ 85,100	\$ 197,589
Chief Geological Officer	96,419	85,100	181,519
Chief Financial Officer	37,500	85,100	122,600
Chief Operating Officer	112,489	85,100	197,589
Non-executive directors	-	142,032	142,032
	<u>\$ 358,897</u>	<u>\$ 482,432</u>	<u>\$ 841,329</u>
Period ended March 31, 2020			
Chief Executive Officer	\$ 117,085	\$ 241,687	\$ 358,772
Chief Geological Officer	100,339	241,687	342,026
Chief Financial Officer	37,500	241,687	279,187
Chief Operating Officer	117,062	241,687	358,749
Non-executive directors	-	168,136	168,136
	<u>\$ 371,986</u>	<u>\$ 1,134,884</u>	<u>\$ 1,506,870</u>

Investor Relations

In January 2019, the Company amended an agreement with Ms. Laura Brangwin to provide investor relations services to the Company (the “IR Agreement”). Ms. Brangwin is now paid USD\$2,500 per month and has been granted 135,000 stock options at various prices between \$0.86-\$2.00 under the terms and conditions of the Company’s Stock Option Plan. Ms. Brangwin does not own any shares of Regulus.

Financial and Capital Risk Management

Please refer to the March 31, 2021 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the September 30, 2020 audited consolidated financial statements on www.sedar.com.

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

Proposed Transactions

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual reports could differ from management's estimates.

Contingencies

There are no contingent liabilities.

Internal Controls Over Financial Reporting

Changes in Internal Control over Financial Reporting ("ICFR")

In connection with National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.

Other MD&A Requirements

Additional disclosure of the Company's technical reports, material change reports, news releases and other information can be obtained on SEDAR at www.sedar.com.

Disclosure for Venture Issuers without Significant Revenue

A breakdown of the components of the Company's general and administrative expenses is disclosed in the interim condensed consolidated financial statements for the period ended March 31, 2021 to which this MD&A relates. A breakdown of the components of the exploration and evaluation assets of the Company is disclosed in the interim condensed consolidated financial statements for the period ended March 31, 2021 to which this MD&A relates.

Risks and Uncertainties

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

The more significant risks, as they relate to the Company's interim condensed consolidated financial statements for the period ended March 31, 2021 and this MD&A, include the following.

COVID-19

At the time of publication of this MD&A, the COVID-19 pandemic continues to rapidly evolve on a global scale. The unprecedented nature and heightened uncertainty surrounding the pandemic mean that the nature and extent of the risks posed by COVID-19 to Regulus cannot be known, quantified or predicted with any certainty. Global phenomena such as COVID-19 increase the risk of significant labour force disruption (including the supply of labour or site/country access) and the potential loss (permanent/temporary) of personnel. Our operations are located in remote locations and represent concentrations of personnel working and sometimes residing in close proximity to one another.

COVID-19 has the potential to spread rapidly and place the Company's workforce at risk. The Company believes that it has identified and implemented all reasonable and appropriate steps and precautions to protect its workforce and its operations in Peru from the risks and potential adverse impacts of the pandemic. The Company continues to actively monitor the situation and may take additional measures, if and to the extent warranted, as matters develop. There can be no assurance, however, that such steps and measures will be sufficient to fully mitigate all such risks and potential adverse impacts.

Exploration and Development Risk

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

Negative Operating Cash Flow

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

Mineral Resource Estimates

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

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

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

Title Risk

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

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

Foreign Operations Risk

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

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

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

Metal Price Risk

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

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

Uncertainty of Funding

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

Recent economic events including US-China trade disputes and the COVID-19 global pandemic have created further uncertainty in global financial and equity markets and may adversely impact the Company's share price and ability to raise capital.

Future Offerings of Debt or Equity Securities

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

Currency Risk

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

Social License

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

Internal Controls

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

Information Systems and Cyber Security

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

Corruption and Bribery

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

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees

and other personnel. The Company may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

Uninsurable Risks

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

Environmental Risks

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

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

Tax

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

Cautionary Note Forward Looking Statements

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

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding mineral resource estimates, cost estimates, changes in commodity prices, currency fluctuation, financings, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations, the impact of COVID-19 on the Company's operations, personnel, ability to finance and outlook, as well as other risks, and uncertainties and other factors, including, without limitation, those referred to in the "Risks and Uncertainties" section of the MD&A, and elsewhere, which may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information.

The Company believes that the expectations reflected in the forward-looking statements and information included in this MD&A are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements and information should not be unduly relied upon. This statement and information is as of the date of the MD&A. In particular, this MD&A contains forward-looking statements or information pertaining to the assumptions used in the mineral resources estimates for the AntaKori Project, including, but not limited to, geological interpretation, grades, metal price assumptions, metallurgical and mining recovery rates,

geotechnical and hydrogeological conditions, as applicable; ability to develop infrastructure; assumptions made in the interpretation of drill results, geology, grade and continuity of mineral deposits; expectations regarding access and demand for equipment, skilled labour and services needed for exploration and development of mineral properties, the impact of COVID-19 on the Canadian and worldwide economy, the Company's workforce, world wide demand for commodities and the Company's business generally; and that activities will not be adversely disrupted or impeded by exploration, development, operating, regulatory, political, community, economic and/or environmental risks. In addition, this MD&A contains forward-looking statements or information pertaining to the anticipated timing or ability to secure additional financing and/or the quantum and terms thereof; exploration and development plans and expenditures; the timing and nature of studies and any potential development scenarios; opportunities to improve project economics; the success of future exploration activities; potential for resource expansion; potential for the discovery of new mineral deposits; ability to build shareholder value; expectations with regard to adding to mineral resources through exploration; expectations with respect to the conversion of inferred resources to an indicated resources classification; ability to execute the planned work programs; estimation of commodity prices, mineral resources, costs, and permitting time lines; ability to obtain surface rights and property interests; currency exchange rate fluctuations; requirements for additional capital; government regulation of mining activities; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; and other risks and uncertainties.

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

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