



(the “Company”)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Regulus Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Regulus Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at September 30, 2023 and 2022, and the consolidated statements of operations and comprehensive (loss) income, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2023 and 2022, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Impairment Indicators of Exploration and Evaluation Assets ("E&E Assets")

As described in Note 5 to the consolidated financial statements, the carrying amount of the Company's E&E Assets was \$51,723,583 as of September 30, 2023. As more fully described in Notes 2 and 3 to the consolidated financial statements, management assesses E&E Assets for indicators of impairment at each reporting period.

The principal considerations for our determination that the assessment of impairment indicators of the E&E Assets is a key audit matter are that there was judgment made by management when assessing whether there were indicators of impairment for the E&E Assets, specifically relating to the assets' carrying amount which is impacted by the Company's intent and ability to continue to explore and evaluate these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Asset.



Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management's assessment of impairment indicators.
- Evaluating the intent for the E&E Assets through discussion and communication with management.
- Reviewing the Company's recent expenditure activity.
- Assessing compliance with agreements, including reviewing option agreements.
- Assessing the Company's rights to explore E&E Assets.
- Obtaining, from legal counsel, confirmation of title to ensure mineral rights underlying the E&E Assets are in good standing.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

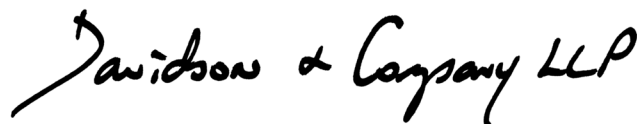
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

January 29, 2024

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at

	September 30, 2023	September 30, 2022
ASSETS		
Current		
Cash and equivalents	\$ 18,423,544	\$ 249,167
Receivables (Note 4)	154,225	106,593
Prepaid expenses and deposits	90,757	415,722
Due from related party (Note 7)	4,190	-
	<u>18,672,716</u>	<u>771,482</u>
Long-term investments (Note 8)	273,500	374,750
Property and equipment	633,106	766,406
Exploration and evaluation assets (Note 5)	<u>51,723,583</u>	<u>54,719,458</u>
	\$ 71,302,905	\$ 56,632,096
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 7 and 9)	\$ 855,423	\$ 4,705,976
Due to related party (Note 7)	-	922
Loans payable (Note 7)	-	678,760
Decommissioning liability (Note 10)	<u>103,000</u>	<u>28,000</u>
	958,423	5,413,658
Long term portion of decommissioning liability (Note 10)	<u>257,000</u>	<u>599,000</u>
	<u>1,215,423</u>	<u>6,012,658</u>
Equity		
Capital stock (Note 6)	137,721,097	114,707,360
Accumulated other comprehensive loss	(5,612,177)	(4,033,133)
Share compensation reserve (Note 6)	17,873,116	16,770,870
Deficit	<u>(79,894,554)</u>	<u>(76,825,659)</u>
	<u>70,087,482</u>	<u>50,619,438</u>
	\$ 71,302,905	\$ 56,632,096

Nature and continuance of operations (Note 1)
Commitments (Note 14)

Approved by the Board:
Director:

”John Black”

John Black

Director:
“Mark Wayne”

Mark Wayne

Regulus Resources Inc.**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME**

(Expressed in Canadian Dollars)

For the Years Ended September 30,

	2023	2022
EXPENSES		
Accounting and audit	\$ 185,950	\$ 159,371
Amortization	105,671	104,969
Bank charges and interest	24,886	19,463
Insurance	26,056	32,773
Investor relations and shareholder information	302,418	125,087
Legal (Note 7)	176,906	54,333
Management fees (Note 7)	761,725	716,008
Office and administration	461,265	459,067
Share-based compensation (Notes 6, 7)	1,102,246	209,506
Transfer agent and listing fees	130,455	90,857
Travel	76,964	29,202
	<u>(3,354,542)</u>	<u>(2,000,636)</u>
OTHER ITEMS		
Interest income	695,266	10,600
Gain on debt settlement	-	26,966
Gain on foreign exchange	(50,302)	153,818
Gain on sale of mineral property (Note 5)	-	249,500
Recovery of prior year's provision	248,306	-
Write-off of receivables (Note 4)	(607,623)	(1,175,172)
	<u>(3,068,895)</u>	<u>(2,734,924)</u>
LOSS FOR THE YEAR	<u>(3,068,895)</u>	<u>(2,734,924)</u>
Items that may be reclassified subsequently to profit and loss:		
Change in fair market value of long-term investment (Note 8)	(101,250)	(250,500)
Items that will not be reclassified subsequently to profit and loss:		
Translation adjustment	(1,477,794)	3,669,717
Comprehensive income (loss) for the year	<u>\$ (4,647,939)</u>	<u>\$ 684,293</u>
Loss per common share – basic and diluted	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>116,935,134</u>	<u>101,849,844</u>

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

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Accumulated Other Comprehensive Loss	Share Compensation Reserve	Deficit	Total
Balance, September 30, 2021	101,849,844	114,707,360	(7,452,350)	16,561,364	(74,090,735)	49,725,639
Share-based compensation	-	-	-	209,506	-	209,506
Fair value adjustment to long-term investment	-	-	(250,500)	-	-	(250,500)
Foreign exchange adjustment	-	-	3,669,717	-	-	3,669,717
Loss for the year	-	-	-	-	(2,734,924)	(2,734,924)
Balance, September 30, 2022	101,849,844	114,707,360	(4,033,133)	16,770,870	(76,825,659)	50,619,438
Shares issued for cash, net of issuance costs	22,658,974	23,013,737	-	-	-	23,013,737
Share-based compensation	-	-	-	1,102,246	-	1,102,246
Fair value adjustment to long-term investment	-	-	(101,250)	-	-	(101,250)
Foreign exchange adjustment	-	-	(1,477,794)	-	-	(1,477,794)
Loss for the year	-	-	-	-	(3,068,895)	(3,068,895)
Balance, September 30, 2023	124,508,818	\$ 137,721,097	\$ (5,612,177)	\$ 17,873,116	\$ (79,894,554)	\$ 70,087,482

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

Regulus Resources Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the Years Ended September 30,

	2023	2022
Cash Flows from Operating Activities		
Loss for the year	\$ (3,068,895)	\$ (2,734,924)
Items not affecting cash:		
Amortization	105,671	104,969
Share-based compensation	1,102,246	209,506
Interest expense	-	26,258
Write-off of receivables	607,623	1,175,172
Recovery of prior year's provision	(248,306)	-
Gain on sale of mineral property	-	(249,500)
Gain on debt settlement	-	(26,966)
Changes in non-cash working capital items:		
Receivables	(654,467)	(1,167,864)
Prepaid expenses and deposits	325,129	(360,976)
Accounts payable and accrued liabilities	(224,141)	100,543
Due from related party	(5,112)	21,620
Net cash and equivalents used in operating activities	<u>(2,060,252)</u>	<u>(2,902,162)</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	(482)	(20,475)
Lease payments	(160,529)	(110,077)
Exploration and evaluation assets	(8,554,093)	(6,289,578)
Sale of mineral property interest (note 5)	6,903,000	250,000
Decommissioning liability payments	(20,780)	(533,612)
Net cash and equivalents used in investing activities	<u>(1,832,884)</u>	<u>(6,703,742)</u>
Cash Flows from Financing Activities		
Proceeds from private placement	23,013,737	-
Proceeds (repayment of) from loans payable (note 7)	(678,760)	674,560
Net cash and equivalents provided by financing activities	<u>22,334,977</u>	<u>674,560</u>
Effect of foreign exchange on cash and equivalents	<u>(267,464)</u>	<u>(320,726)</u>
Change in cash and equivalents for the year	18,174,377	(9,252,070)
Cash and equivalents, beginning	<u>249,167</u>	<u>9,501,237</u>
Cash and equivalents, end	<u>\$ 18,423,544</u>	<u>\$ 249,167</u>
Cash and cash equivalents consisted of:		
Cash	278,933	249,167
Redeemable guaranteed investment certificates ("GIC")	<u>18,144,611</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 18,423,544</u>	<u>\$ 249,167</u>

Supplemental disclosures with respect to cash flows (Note 11)

The accompanying notes are an integral part of these 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.

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.

The Company owns interests in multiple mineral titles and claims in Peru. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements and to complete the development of properties, and upon future profitable production or proceeds from the disposition thereof. At the date of these 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. On January 30, 2023 the Company closed a private placement raising \$23,112,153 (Note 6). Management believes that the Company has sufficient working capital to maintain its operations and activities for the next fiscal year.

The Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and the Russian Federation regarding the situation in Ukraine, the ongoing conflict in the Middle East and potential economic global challenges, such as the risk of higher inflation and interest rates, may create further uncertainty and risk with respect to the prospects of the Company’s business.

These consolidated financial statements were authorized by the audit committee and approved by the board of directors of the Company on January 29, 2024.

2. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

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 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”.

2. BASIS OF PREPARATION (continued)

Impairment of exploration and evaluation assets

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

Estimates

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

Carrying value and recoverability of exploration and evaluation assets

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

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

Fair value of stock options and warrants

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

Income taxes

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

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.

2. BASIS OF PREPARATION (continued)

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 7). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: the Canadian dollar (the Company) and the United States dollar (“U.S.\$”) Southern Legacy Minerals Inc., Regulus Resources Peru S.A.C., KoriAnta S.A.C., Anta Norte S.A.C., SMRL El Sinchao de Cajamara and Centaurus Holding S.A.C.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive (loss) income (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition.

A financial asset is measured at amortized cost if both of the following conditions are met:

- a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVTOCI if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company may make an irrevocable election at initial recognition to carry at FVOCI particular investments in equity instruments that would otherwise be measured at FVTPL.

A financial asset is required to be measured at FVTPL unless it is measured at amortized cost or at FVTOCI.

The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The following table shows the classification under IFRS 9:

Financial assets/ liabilities	IFRS 9
Cash and equivalents	Amortized cost
Receivables	Amortized cost
Investments	FVTOCI
Due to/from related parties	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loans payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations and comprehensive (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations and comprehensive (loss) income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive (loss) income.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of operations and comprehensive (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of operations and comprehensive (loss) income. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive (loss) income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of operations and comprehensive (loss) income.

Exploration and evaluation assets

Costs related to pre-exploration are expensed as incurred while costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. Each of the Company's exploration and evaluation assets is considered to be a cash generating unit. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, the property is abandoned or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments or royalties received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or proceeds from the disposition thereof.

Cash and equivalents

Cash equivalents are comprised of cash deposits and short-term highly liquid investments that are readily convertible into known amounts of cash, and that are subject to an insignificant risk of changes in value.

Impairment

At the end of each reporting period the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such an indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but not to an amount that would exceed the original carrying amount in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision for decommissioning liability

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future rehabilitation costs is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred.

Pre-tax discount rates that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provision for decommissioning liability (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets and the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the consolidated statement of operations and comprehensive (loss) income for the period.

Property and equipment

Property and equipment is stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with such costs will flow to the Company and cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to operations and comprehensive (loss) income during the period in which they are incurred.

The major categories of equipment are amortized as follows:

Vehicles – 30% declining balance basis
Office furnishings – 20% declining balance basis
Equipment – 30% declining balance basis

The Company allocates the amount initially recognized in respect of an item of equipment to its significant parts and amortizes separately each such part. Residual values, method of amortization and useful lives are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of operations and comprehensive (loss) income.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital stock. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Earnings (loss) per share

For both continuing and discontinued operations, the Company presents basic and diluted earnings (loss) per share (EPS) data for its common shares. Basic (loss) EPS is calculated by dividing the results of operations attributable to ordinary shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted (loss) EPS is determined by adjusting the results of operations attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, which comprise share options.

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset (an “ROU asset”), the Company assesses whether:

- the contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- the Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

The ROU asset is initially measured based on the initial amount of the lease liability plus any initial direct costs incurred less any lease incentives received. The ROU asset is depreciated to the earlier of the end of the useful life or the lease term using either the straight-line or units-of-production method, depending on which method more accurately reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise the option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments. Future lease payments can arise from a change in an index or rate, if there is a change in the Company’s estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the consolidated statement of profit or loss if the carrying amount of the ROU asset has been reduced to zero.

4. RECEIVABLES

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

	September 30, 2023	September 30, 2022
Tax credits and advances receivable	\$ 154,225	\$ 106,593

During the year ended September 30, 2023, the Company wrote-off \$607,623 (2022 - \$1,175,172) of receivables to profit and loss. These receivables primarily related to Value Added Taxes (“VAT”) in Peru for which recoverability is uncertain.

5. 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.

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5. EXPLORATION AND EVALUATION ASSETS (continued)

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

	AntaKori, Peru
Balance, September 30, 2021	\$ 40,910,648
Additions:	
Administrative services	877
Change in estimates related to decommissioning liability (Note 10)	155,843
Field operations	8,459,888
Labour	699,672
Third party services	325,301
	<u>9,641,581</u>
Foreign exchange movement	<u>4,167,229</u>
Balance, September 30, 2022	\$ 54,719,458
Additions:	
Sale of royalty interest	(6,903,000)
Change in estimates related to decommissioning liability (Note 10)	(217,955)
Field operations	4,424,103
Labour	657,608
Third party services	157,942
	<u>(1,881,302)</u>
Foreign exchange movement	<u>(1,114,573)</u>
Balance, September 30, 2023	\$ 51,723,583

AntaKori Project, Peru

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

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

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5. EXPLORATION AND EVALUATION ASSETS (continued)

AntaKori Project, Peru (continued)

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

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

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

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

The Coimolache agreement had 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, Comolaiche 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. The Coimalache agreement expired under its own terms on January 19, 2022.

5. EXPLORATION AND EVALUATION ASSETS (continued)

AntaKori Project, Peru (continued)

The Colquirrumi agreement allows Regulus to earn-in to a 70% interest in ground held by Colquirrumi by completing 7,500 m of drilling within 3 years from obtaining necessary permits to drill. Regulus received the drilling permits in Q4-2019. The agreement 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 year ended September 30, 2023, the Company notified Buenaventura that it had completed 7,500 m of drilling under the Colquirrumi agreement. Buenaventura opted to give the Company a 70% interest in the Colquirrumi claims rather than give the Company a 30% interest in the claims and a cash payment of US\$9,000,000.

The Company is also subject to pay NSR's ranging from 1.5% - 3% to the underlying holders of these same claims. As at September 30, 2023, accounts payable includes \$nil (September 30, 2022 - \$67,341) relating to these royalties.

Osisko Partnership

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

During the year ended September 30, 2023, the Company and Osisko amended the agreement for additional royalties whereby the Company received \$6,903,000 (US\$ 5,000,000) from Osisko Gold Royalties in exchange for a net smelter return (NSR) ranging from 0.125% to 1.5% on certain claims of the Company's AntaKori project as well as a right (currently held by Regulus) to buy back a 1% NSR from a third party on certain claims of AntaKori.

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

- a pledge of all the shares in the capital of Regulus Resources Peru S.A.C.;
- an assignment by Regulus and Southern Legacy Minerals, Inc. of all intercompany loans and other amounts owing by Regulus Peru; and
- a fiduciary trust in respect of the royalty and any surface rights or other rights relating thereto. The trust is expected to be created during fiscal 2024, at which time the share pledge referred to above will terminate.

Gold Fields Option Agreement

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

5. EXPLORATION AND EVALUATION ASSETS (continued)

Gold Fields Option Agreement (continued)

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. The 3-year term commences on the earlier of the date on which the Company receives all necessary drill program permits or within 2 years of the date of assignment of the concessions. 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.

Fireweed

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

6. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

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

Treasury shares: recorded at cost.

Private placement

During the year ended September 30, 2023, the Company closed a financing of 22,658,974 common shares at \$1.02 per share for total gross proceeds of \$23,112,153. The Company paid share issuance costs of \$98,416 in relation to the financing.

The Company had no share issuances during the year ended September 30, 2022.

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6. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (continued)

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. Vesting terms, exercise price, and option life are set by the Board of Directors.

The following table summarized movements in stock options outstanding for the year ended September 30, 2023:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2021	7,925,000	\$ 1.41
Options granted	100,000	0.76
Options expired/forfeited	(250,000)	1.29
Balance, September 30, 2022	7,775,000	1.41
Options granted	3,950,000	1.02
Options expired/forfeited	(350,000)	(1.08)
Balance, September 30, 2023	11,375,000	1.28
Number of options currently exercisable	8,362,500	\$ 1.38

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 year ended September 30, 2023, the Company recognized \$1,102,246 (September 30, 2022 - \$209,506) in share-based compensation expense with respect to options granted and vested during the year.

The following table summarizes information about stock options outstanding at September 30, 2023:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
\$ 1.60	5,225,000	5,225,000	February 4, 2024
1.78	200,000	200,000	March 1, 2024
0.86	1,500,000	1,500,000	June 29, 2025
1.49	200,000	200,000	October 19, 2025
0.89	200,000	200,000	April 13, 2026
0.76	100,000	50,000	July 22, 2027
1.02	3,950,000	987,500	February 6, 2028
	11,375,000	8,362,500	

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

	Year ended September 30, 2023	Year ended September 30, 2022
Risk-free interest rate	3.17%	2.86%
Expected life of grant	5 years	5 years
Volatility	67.82%	70.38%
Dividend	0.00%	0.00%
Weighted average fair value per option	\$0.45	\$0.50

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6. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (continued)

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2021 and 2022	10,920,124	\$ 1.98
Warrants expired/forfeited	(5,420,125)	1.70
Balance, September 30, 2023	5,500,000	\$ 2.25

The following table summarizes information about warrants outstanding at September 30, 2023:

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

(1) Subsequent to September 30, 2023 these warrants expired unexercised

7. RELATED PARTY TRANSACTIONS

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

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

During the year ended September 30, 2023, 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 year ended September 30, 2023, DBD Resources was paid \$236,047 (2022 - \$224,353). Amounts paid to DBD Resources are classified as management fees expense in the consolidated statements of profit and loss.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$60,108) to DBD Resources, included in accounts payable and accrued liabilities. During the year ended September 30, 2022, Mr. John Black loaned the Company \$549,560 (\$400,000 USD). The loan accrued simple interest at 10% per annum, was unsecured and was due on December 31, 2022. The loan and interest were repaid in full during the year ended September 30, 2023.

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7. RELATED PARTY TRANSACTIONS (continued)

- b) For the year ended September 30, 2023, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$236,047 in consulting fees (2022 – \$224,353). Amounts paid to Mr. Pickmann are classified as management fees in the consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued \$104,969 (2022 - \$68,552) for legal services. Legal fees paid to Mr. Pickmann’s law firm are classified as legal expenses in consolidated statements of profit and loss.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$40,072) to Mr. Pickmann and owed \$nil (September 30, 2022 – \$38,521) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

- c) Unicus Funds Ltd. (“Unicus”) is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the year ended September 30, 2023, Unicus was paid \$75,000 (2022 – \$75,000). Amounts paid to Unicus are classified as management fees expense in the consolidated statements of profit and loss. During the year ended September 30, 2022, Mr. Mark Wayne loaned the Company \$125,000. The loan accrued simple interest at 10% per annum, was unsecured and was due on December 31, 2022. The loan and interest were repaid in full during the year ended September 30, 2023.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$19,688) to Unicus, included in accounts payable and accrued liabilities.

- d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) (“K.B. Heather”) is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the year ended September 30, 2023, K.B. Heather was paid \$202,326 (2022 – \$192,303). Amounts paid to K.B. Heather are classified as management fees in the consolidated statements of profit and loss.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$51,521) to K.B. Heather, included in accounts payable and accrued liabilities.

- e) At September 30, 2023, the Company was owed \$4,190 from Aldebaran (September 30, 2022 – owed to Aldebaran \$922), a company with common directors and management.

- f) At September 30, 2023, the Company held 2,000,000 common shares (September 30, 2022 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with a director in common, included within long term investments.

Key Management Personnel:

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

The remuneration of directors and other members of key management personnel during the years ended September 30, 2023 and 2022 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2023			
Chief Executive Officer	\$ 236,047	\$ 175,121	\$ 411,168
Chief Geological Officer	202,326	161,650	363,976
Chief Financial Officer	75,000	161,650	236,650
Chief Operating Officer	236,047	161,650	397,697
Non-executive directors	-	107,767	107,767
	<u>\$ 749,420</u>	<u>\$ 767,838</u>	<u>\$ 1,517,258</u>

Regulus Resources Inc.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
For the Years Ended September 30, 2023 and 2022

7. RELATED PARTY TRANSACTIONS (continued)

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2022			
Chief Executive Officer	\$ 224,353	\$ 13,743	\$ 238,096
Chief Geological Officer	192,303	13,743	206,046
Chief Financial Officer	75,000	13,743	88,743
Chief Operating Officer	224,353	13,743	238,096
Non-executive directors	-	92,366	92,366
	<u>\$ 716,009</u>	<u>\$ 147,338</u>	<u>\$ 863,347</u>

8. LONG-TERM INVESTMENT

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

	Fair Value	Cost
Balance as at September 30, 2021	\$ 625,250	\$ 740,000
Fair market value adjustments	(250,500)	-
Balance as at September 30, 2022	374,750	740,000
Fair market value adjustments	(101,250)	-
Balance as at September 30, 2023	<u>\$ 273,500</u>	<u>\$ 740,000</u>

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30, 2023	September 30, 2022
Trade payables	\$ 847,047	\$ 4,541,663
Lease liability	8,376	164,313
	<u>\$ 855,423</u>	<u>\$ 4,705,976</u>

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

Regulus Resources Inc.
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10. DECOMMISSIONING LIABILITY

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

	September 30, 2023	September 30, 2022
Asset retirement obligation – beginning of year	\$ 627,000	\$ 979,000
Change in estimates (Note 5)	(217,955)	155,843
Incurred	(20,780)	(533,612)
Foreign exchange movement	(28,265)	25,769
Asset retirement obligation – end of year	360,000	627,000
Long-term portion	(257,000)	(599,000)
Short-term portion	\$ 103,000	\$ 28,000

The total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation is \$383,398 as at September 30, 2023 (2022 - \$698,783), which has been discounted using a credit adjusted rate of 3.70% (2022 - 3.77%) and an inflation rate of 3.94% (2022 - 6.84%). The present value of the decommissioning liabilities may be subject to change based on management's estimates, changes in remediation technology or changes to applicable laws and regulations. The decommissioning liability relates to the Company's Peru properties. The decommissioning liability is expected to be settled at various dates which are currently expected to extend up to 2025 (2022 - 2025).

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these consolidated financial statements, the significant non-cash transactions for the years ended September 30, 2023 and 2022 included:

- a) \$534,547 (2022 - \$3,848,766) in accounts payable and accrued liabilities related to exploration and evaluation assets.
- b) \$217,955 (2022 - \$155,843) recorded to decommissioning liability.
- c) \$101,250 decrease (2022 - \$250,500 increase) in fair value of long-term investment.

For the year ended September 30	2023	2022
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

12. SEGMENTED INFORMATION

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

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2023				
Canada	\$ 18,752,193	\$ -	\$ -	\$ 18,752,193
Peru	52,550,712	633,106	51,723,583	194,023
	\$ 71,302,905	\$ 633,106	\$ 51,723,583	\$ 18,946,216

Regulus Resources Inc.
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12. SEGMENTED INFORMATION (continued)

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2022				
Canada	\$ 607,383	\$ -	\$ -	\$ 607,383
Peru	56,024,713	766,406	54,719,458	538,849
	\$ 56,632,096	\$ 766,406	\$ 54,719,458	\$ 1,146,232
			2023	2022
Loss for the year ended September 30				
Canada			\$ 2,544,368	\$ 1,348,884
Peru			524,527	1,386,040
			\$ 3,068,895	\$ 2,734,924

13. 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 cash and equivalents, receivables, due to/from related parties, loans payable and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statements of financial position, due to their short-term nature. The Company's other financial instruments, 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 September 30, 2023, the Company had a cash and equivalents balance of \$18,423,544 to settle current liabilities of \$958,423. Management believes that it has sufficient funds to meet its current liabilities as they become due.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 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 year by approximately \$1,800,000.

c) Price risk

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

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

14. COMMITMENTS

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

		Peru
2023	\$	13,040

Regulus Resources Inc.
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15. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2023	2022
Loss for the year	\$ (3,068,895)	\$ (2,734,924)
Expected income recovery	\$ (829,000)	\$ (739,000)
Change in statutory, foreign tax, foreign exchange rates and other	3,000	(70,000)
Permanent difference	450,000	404,000
Impact of dissolutions	-	-
Adjustment to prior years' provision versus statutory returns	(57,000)	-
Change in unrecognized deductible temporary differences	433,000	405,000
	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

	2022	Expiry dates	2021	Expiry dates
Temporary differences				
Property and equipment	\$ 111,000	No expiry date	\$ 20,000	No expiry date
Exploration and evaluation assets	2,292,000	No expiry date	2,642,000	No expiry date
Share issue costs	264,000	2042 to 2048	371,000	2042 to 2044
Marketable securities	467,000	No expiry date	365,000	No expiry date
Decommissioning liability	-	No expiry date	19,000	No expiry date
Lease liabilities	22,000	No expiry date	181,000	No expiry date
Allowable capital losses	25,834,000	No expiry date	25,834,000	No expiry date
Non-capital losses available for future periods	37,199,000	2026 to 2043, indefinite	35,007,000	2026 to 2042, indefinite
	\$ 66,189,000		\$ 64,439,000	



Management's Discussion and Analysis

For the Year Ended September 30, 2023

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 January 29, 2024 and should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2023 and 2022, the related notes contained therein, and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.regulusresources.com.

All financial information in this MD&A has been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, and all dollar amounts are quoted in Canadian dollars, the reporting currency of the Company, unless specifically noted.

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

Description of Business and Overview

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

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

- In October 2022, the Company announced the completion of a US\$5 million investment from Osisko Gold Royalties in exchange for a net smelter return ranging from 0.125% to 1.5% on certain claims of the AntaKori project, as well as a right (currently held by Regulus) to buy-back a 1% NSR from a third party on certain claims of AntaKori (*see news release dated October 14, 2022*).
- In December 2022, the Company announced a US\$15,000,000 (approx. C\$20,460,153) non-brokered private placement by Nuton LLC, a Rio Tinto Venture ("Nuton"). Nuton subscribed for 20,058,974 common shares at a price of \$1.02 per common share. Regulus and Nuton are jointly undertaking copper sulphide leach testing utilizing Nuton™ copper sulphide leach technologies with samples from AntaKori. The Nuton™ technologies have the potential to process arsenic-bearing copper sulphides with less impact on the environment and water resources than traditional concentrator processing (*see news release dated December 22, 2022*). Management views the transaction with Nuton as transformational for the Company. Having Rio Tinto (through Nuton) as a significant shareholder significantly enhances the Company's ability to optimize the value of the existing resources at AntaKori, and to explore various options with the neighbouring Tantahuatay mine to optimize the combined Tantahuatay-AntaKori copper gold sulphide deposit. Management is also eager to see the results of the proposed copper sulphide leach testing at AntaKori utilizing Nuton™ copper sulphide leach technologies.

- In January 2023, the Company announced an upsizing of the private placement announced on December 22, 2022 to 22,658,974 common shares at a price of \$1.02 per common share. The Company's largest shareholder, Route One Investment Company LLC ("Route One") elected to participate in the private placement by agreeing to purchase 2,600,000 common shares at a price of C\$1.02 per common share. Upon closing the financing, Route One owned 21.81% of Regulus while Nuton owned a 16.11% interest. The Company plans to use the proceeds to advance the AntaKori project and for general corporate purposes (*see news release dated January 20, 2023*). The private placement closed on January 30, 2023.
- In February 2023, the Company reported the results from the last seven holes from the 2022 drill campaign at AntaKori (*see news release dated February 1, 2023 and Exploration Review of 2022/2023 below*)
- In February 2023, the Company granted incentive stock options to directors, officers, employees and consultants to purchase up to 3,950,000 common shares at a price of \$1.02 per share for five years, pursuant to its stock option plan. These stock options will vest over a two-year period (*see news release dated February 7, 2023*).
- In February 2023, the Company acquired a 70% interest in the Colquirrumi claims, a 2,571 hectare area of mineral concessions to the north and northeast of the core AntaKori property. The Company had the right to earn up to a 70% interest in the Colquirrumi claims from Compañía Minera Colquirrumi S.A. ("Colquirrumi"), a wholly owned subsidiary of Compañía de Minas Buenaventura S.A.A. ("Buenaventura") by completing 7,500 m of drilling. Buenaventura retained a one-time claw-back whereby it could retain a 70% interest in the claims by paying Regulus US\$9,000,000 and granting Regulus a 30% interest. Buenaventura did not elect to trigger its claw-back right. (*see news release dated February 15, 2023 and Exploration Review of 2022/2023 below*).
- In March 2023, the Company announced that Adam Burley had joined the Board of Directors as the nominee from Nuton, in connection with the strategic investment into the Company announced December 22, 2022. The Company also advised that Raymond Jannas stepped down as non-executive director and that Adam Greening was promoted to Senior Vice President, Corporate Development (*see news release dated March 21, 2023*).
- In July 2023, the Company announced positive extraction rates on mineralization from the AntaKori property using Nuton™ technologies as part of a Phase 1 sulphide leach program with Nuton (*see news release dated July 6, 2023*).
- In November 2023, the Company announced that it had delivered samples to Nuton to begin the Phase 2 metallurgical program (*see news release dated November 7, 2023*).

Exploration Review of 2022/2023

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

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

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

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

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

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

Hole AK-22-054

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

Hole AK-22-056

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

Hole AK-22-057

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

Hole AK-22-058

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

Hole AK-22-059

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

The 2022 drill program was successful in expanding the footprint of mineralization on the Anta Norte claims to the north and northwest of previously defined mineralization.

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

On July 6, 2023, the Company announced positive extraction rates on mineralization from the AntaKori project using Nuton™ technologies as part of a Phase 1 sulphide leach program with Nuton. The highlights include:

- Copper extraction rates up to 95% for samples from high sulphidation mineralization
- Copper extraction rates up to 85% for samples from skarn-style mineralization
- Copper extraction rates up to 75% for samples from breccia/porphyry style mineralization range
- Nuton and Regulus have defined the Phase 2 program which will entail column tests on larger-scale samples

The purpose of the Phase 1 program was to explore whether primary sulphide copper ores from the AntaKori property were amenable to Nuton™ proprietary sulphide leach technology, and to look at a variety of test conditions which will help guide future test work. The results of the Phase 1 program indicate that mineralization from AntaKori is amenable to sulphide leaching, and that a Phase 2 program is warranted. As well, the program helped identify which test conditions warrant further evaluation. The Phase 2 sulphide leach program will expand on the Phase 1 program and entail the Company delivering larger volumes of material to Nuton suitable for column test work. In parallel to the Nuton™ sulphide leaching technology, the Company is also evaluating other processing methodologies.

Outlook for 2023-2024

Regulus is reviewing various pathways to unlock value at the AntaKori deposit. The Company currently believes the best pathway forward is to integrate the AntaKori deposit with the neighboring Tantahuatay Mine and sulphide project. As the Company actively pursues these opportunities, work continues on several fronts to set the stage for the development of the project in the most efficient and profitable manner for the benefit of all stakeholders. This work is influenced by input from major companies that are engaged with Regulus to review the AntaKori project. As previously discussed, Regulus and Nuton are jointly undertaking copper sulphide leach testing utilizing Nuton™ copper sulphide leach technologies with samples from the AntaKori project. Regulus and Nuton have agreed that additional new drilling for metallurgical samples will not be required at this stage. In November 2023, the Company delivered samples to Nuton to begin the Phase 2 metallurgical program. The Phase 2 program is designed to expand on the results from Phase 1 and refine the understanding regarding metallurgical recoveries for various styles of mineralization.

Samples were selected and composited from each of the main mineralization styles at the AntaKori project: high sulphidation, skarn and porphyry. A total of eight composite samples were taken totaling 1,448.7 kg (*see news release dated November 7, 2023*). All samples were taken from Regulus drill hole core stored in the Company's Cajamarca warehouse. The samples were shipped to SGS laboratories in Lima Peru for further sample preparation according to Nuton specifications and protocols, under the supervision of Transmin Metallurgical Consultants S.A.C. Upon completion of sample preparation at SGS Lima, a small representative sample split was sent to Nuton for detailed chemical and mineralogical analyses of each of the composite samples before commencement of the main Phase 2 column test work. Chemical and mineralogical data will be used to predict column test results.

The remaining prepared samples were shipped from SGS Lima to Nuton's test facilities in Australia for Phase 2 test work, which will entail samples being placed in columns with a height of 1 m, each under different controlled Nuton operating conditions. The columns will be continuously monitored and it is expected that once samples are placed into columns, the full results will be available in approximately one year.

The Company continues to complete exploration activities and develop additional drill targets to the east and north of the main AntaKori project area. Surface geologic mapping, surface rock geochemical sampling and ground magnetic geophysical surveys were completed in Q3 and Q4 of 2023 immediately to the east of the Tantahuatay Mine in the Tingo community. IP/Resistivity geophysical surveys are planned in this area commencing in approximately May 2024. The goal of this work is to delineate potential drill targets in this area, which has extensive historic small-scale mine workings but relatively little modern exploration. This work is being completed on Regulus mineral concessions and on ground held by Goldfields where Regulus has an agreement to earn-in to a 60% interest. Work to the north and northwest of the main AntaKori project area has identified areas with potential for additional mineralization and work is underway to obtain surface access agreements to complete geologic mapping, geochemical sampling and geophysical surveys. It is anticipated that field work will commence in these areas in Q2-2024. Permitting is underway to allow for drill testing of more promising areas to the east and north of the main AntaKori project area in late 2024 or into 2025.

The Phase II drill program described earlier was undertaken as a step toward completing an updated resource estimate at AntaKori in 2023. The timing of the resource update may be impacted by the Company's property consolidation efforts and accordingly, an estimated timeline for completing an updated resource estimate cannot be provided.

The Company is also significantly engaged with local communities to complete programs and projects that emphasize improving education, health, and economic opportunity in the area surrounding the project. The number of communities and families that are positively impacted by these programs increased notably during 2023 and will continue to do so as AntaKori moves towards potential development.

The only firm commitments for the AntaKori project in 2024 include 2024 annual concession fees of US\$70,000, drill road and platform remediation costs estimated at US\$109,000 over the upcoming year, and remediation maintenance and monitoring costs estimated at US\$50,000 annually. The Company is also responsible for developing and implementing a plan to further treat acidic surface waters draining from the Tres Mosqueteros mineral concessions. This obligation is being coordinated with the appropriate government authorities and may eventually become part of a larger multi-party effort to tackle water treatment in the area. The cost for this is currently not well defined but estimated at \$250,000 with no current time frame for execution.

Mineral Property Review

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

AntaKori Project

The flagship project for Regulus is the AntaKori Cu-Au-Ag project located in northern Peru. A NI 43-101 technical report entitled “AntaKori Project, Cajamarca Province, Peru, NI 43-101 Technical Report” (the “AntaKori Technical Report”), dated February 22, 2019 and prepared by Amec Foster Wheeler (Perú) S. A., a Wood company, was filed on SEDAR and can be viewed at www.sedar.com under the profile *REGULUS RESOURCES INC.* The AntaKori Technical Report reports Indicated Resources of 250 million tonnes grading 0.48% Cu, 0.29g/t Au and 7.5g/t Ag, and Inferred Resources of 267 million tonnes grading 0.41% Cu, 0.26g/t Au and 7.8g/t Ag (please refer to Regulus news release of March 1, 2019 and table below). The estimate is based on historical drilling completed by El Misti Gold (1997-98) and Sinchao Metals (2007-08), as well as new drilling completed through November 2018 by Regulus (22,140.89 m in 29 holes) and drilling data provided through a collaborative agreement established in 2017 with the adjoining property holder (see press release by Regulus dated January 24, 2017). The reported resource is only reported for the portion of the mineralization system that is owned or controlled by Regulus and is open for expansion in several directions.

Resource Category	Million Tonnes	Cu Grade (%)	Au Grade (g/t)	Ag Grade (g/t)	CuEq Grade (%)	Cu B lbs	Au M oz	Ag M oz	CuEq B lbs
Indicated	250	0.48	0.29	7.5	0.74	2.6	2.3	61	4.1
Inferred	267	0.41	0.26	7.8	0.66	2.4	2.2	67	3.9

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

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

AntaKori Overview

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

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

Highlights of the AntaKori project include the following:

- The Company owns or controls 20 mineral concessions, for a total of 438 hectares, which cover most, but not all of the currently known AntaKori mineralized system. Further consolidation of mineral tenure is in process, primarily by means of two earn-in agreements with subsidiaries of Buenaventura and Gold Fields La Cima S.A. (“Gold Fields”), a subsidiary company of Gold Fields Ltd. (see summary of these agreements below).
- A total of 17,954 m of drilling was completed in 70 drill holes (22 reverse circulation drill holes and 48 diamond drill holes) by previous operators El Misti Gold (1997-98) and Sinchao Metals (2007-08).
- A total of 53,805.88 m of diamond drilling in 63 holes has been completed by Regulus to date.

- The AntaKori Technical Report has documented a large Cu-Au-Ag skarn system with associated mineralized breccias and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.
- Indication that the mineralized system is open in several directions and has potential for expansion through future exploration programs.
- Access to infrastructure as property is located adjacent to two operating mines.

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

The AntaKori project has been explored under definitive agreements with Coimolache (the “Coimolache DA” – now terminated) and Colquirrumi (the “Colquirrumi DA” – still active), companies that hold mineral concessions immediately adjacent to, and inter-fingering with, Regulus AntaKori mineral concessions. These agreements have allowed 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 Tantauatay gold-silver mine immediately adjacent to the southern margin of AntaKori. The principal shareholders of Coimolache are Buenaventura (40% and operator) and Southern Peru Copper S.A.A. (44%). The Coimolache DA allowed for mutual access, mutual rights of expansion and collaborative exploration with a principal objective of determining the size and nature of the AntaKori deposit and a secondary objective of allowing the expansion of Coimolache’s Tantauatay oxide gold mine by way of lay-back onto Regulus’ mining concessions. The Coimolache DA has now terminated but Regulus maintains communication and interaction with Coimolache. Colquirrumi is a wholly owned subsidiary of Buenaventura.

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

Operations and Financial Condition

Selected Annual Information

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

All in 1,000’s except Loss per share and Number of shares	2023	2022	2021
Working capital (deficit)	\$ 17,714	\$ (4,642)	\$ 7,989
General and administration expenses	3,355	2,001	3,403
Net gain (loss)	(3,069)	(2,735)	(5,445)
Gain (loss) per share	(0.03)	(0.03)	(0.05)
Gain (loss) per share (fully diluted)	(0.04)	(0.03)	(0.05)
Total assets	71,303	56,632	52,003
Exploration and evaluation assets	51,724	54,719	40,911
Other non-current assets	907	1,141	1,439
Total liabilities	1,215	6,013	2,277
Share capital ⁽¹⁾⁽²⁾	137,721	114,707	114,707
Number of shares ⁽¹⁾⁽²⁾	124,508,818	101,849,844	101,849,844
Accumulated deficit	79,894	76,826	74,091

(1) The Company has only one kind and class of shares issued and outstanding, being common shares

(2) No dividends were paid during the years reported above

Results of Operations for the Year Ended September 30, 2023 Compared to the Year Ended September 30, 2022

During the year ended September 30, 2023, loss from operating activities was \$3,068,895 compared to loss from operating activities of \$2,734,924 for the year ended September 30, 2022. Significant variances from the prior year are as follows:

- An increase of \$122,573 in legal fees. Legal fees were \$176,906 for the year ended September 30, 2023 compared to \$54,333 for the year ended September 30, 2022. The variance is due primarily to legal fees related to the sale of royalty interest to Osisko Gold Royalties Ltd. during the first quarter of 2023.
- An increase of \$39,598 in transfer agent and listing fees. Transfer agent and listing fees were \$130,455 for the year ended September 30, 2023 compared to \$90,857 for the year ended September 30, 2022. The variance is primarily due to TSX Venture Exchange filing fees related to the sale of a royalty interest to Osisko Gold Royalties Ltd in the first quarter of 2023 and closing of the private placement during the year ended September 30, 2023.
- An increase of \$177,331 in investor relations and shareholders information. Investor relations and shareholder information was \$302,418 for the year ended September 30, 2023 compared to \$125,087 for the year ended September 30, 2022. The variance is mainly due to increased activity as the Company looked to raise investor awareness and worked to close its January 2023 private placement.
- An increase of \$892,740 in share-based compensation. Share-based compensation was \$1,102,246 for the year ended September 30, 2023 compared to \$209,506 for the year ended September 30, 2022 due to the timing of vesting of stock options issued.
- A loss of \$50,302 on foreign exchange for the year ended September 30, 2023 compared to a gain of \$153,818 for the year ended September 30, 2022. The difference was due mainly to the fluctuations of the US dollar during the year given a significant portion of the Company's cash held during the year was in US dollars.
- During the year ended September 30, 2023, the Company earned interest income of \$695,266 (2022 - \$10,600) as the Company invested proceeds of its January 2023 private placement in various GICs.
- During the year ended September 2022 there was a gain on sale of mineral property of \$249,500 due to the sale of the Company's 100% undivided interest in the Fireweed project. No such gain occurred during the year ended September 30, 2023.
- During the year ended September 30, 2023, the Company wrote-off receivables of \$607,623 (2022 - \$1,175,172) 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 receivables are collected, the write-off will be reversed to the extent of such collection.
- The Company recorded a recovery of the prior year's provision of \$248,306 in the current year related to certain potential tax liabilities that were resolved and reversed.

Results of Operations for the Three Months Ended September 30, 2023 Compared to the Three Months Ended September 30, 2022

During the three months ended September 30, 2023, the gain from operating activities was \$556,257 compared to a loss from operating activities of \$932,322 for the three months ended September 30, 2022. Significant variances from the same period in the prior year are as follows:

- An increase of \$19,324 in investor relations and shareholders information. Investor relations and shareholders information was \$69,345 for the three months ended September 30, 2023 compared to \$50,021 for the three months ended September 30, 2022. The variance is mainly due to increased activity as the Company looked to raise investor awareness.
- An increase of \$29,821 in travel. Travel was \$37,007 for the three months ended September 30, 2023 compared to \$7,165 for the three months ended September 30, 2022. The variance is due to increased business development activities during the current quarter.
- Increase in interest revenue of \$240,702, Interest revenue was \$242,902 compared to \$2,200 in the comparative period. The variance is due mainly to the Company investing the proceeds from the private placement in various GICs during the current year.
- The Company recorded a recovery of the prior year's provision of \$248,306 in the current year related to certain potential tax liabilities that were resolved and reversed.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$2,060,252 for the year ended September 30, 2023 compared to \$2,902,162 for the year ended September 30, 2022. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under "Results from Operations".

Investing Activities

Cash outflow from investing activities was \$1,832,884 for the year ended September 30, 2023 compared to cash outflow of \$6,703,742 for the year ended September 30, 2022. The cash outflows in the year ended September 30, 2023, are primarily the result of the funds received on the sale of a mineral interest of \$6,903,000 (USD \$5-million) related to the completion of the investment from Osisko Gold Royalties in exchange for a net smelter return (NSR) ranging from 0.125% to 1.5% netted against exploration and evaluation expenditures of \$8,554,093, including amounts paid for during this year that were payable in the prior year, and cash outflows in the prior period were primarily from expenditures on exploration and evaluation assets.

Financing Activities

Cash inflow from financing activities was \$22,334,977 for the period ended September 30, 2023 as compared to \$674,560 for the period ended September 30, 2022. Net proceeds of \$23,013,737 were received from the closing of the January 2023 private placement.

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	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Working capital (deficiency)	\$17,714	\$18,835	\$20,613	\$(1,125)
Loss (gain)	\$(556)	\$1,259	\$1,149	\$1,259
Loss (gain) per share	\$0.00	\$0.01	\$0.01	\$0.01
Loss (gain) per common share (diluted)	\$0.00	\$0.01	\$0.01	\$0.01
Total assets	\$71,303	\$71,628	\$72,463	\$51,067
Total liabilities	\$1,215	\$1,508	\$1,442	\$2,544
Deficit	\$79,894	\$80,451	\$79,234	\$78,085

All in \$1,000's except loss (gain) per share	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Working capital (deficiency)	\$(4,642)	\$(333)	\$4,122	\$6,499
Loss (gain)	\$932	\$556	\$817	\$429
Loss (gain) per share	\$0.01	\$0.01	\$0.01	\$0.00
Loss (gain) per common share (diluted)	\$0.01	\$0.01	\$0.01	\$0.00
Total assets	\$56,632	\$52,240	\$50,788	\$51,373
Total liabilities	\$6,013	\$3,180	\$2,880	\$2,239
Deficit	\$76,826	\$75,893	\$75,337	\$74,520

Liquidity and Capital Resources

Cash at September 30, 2023 totaled \$18,423,544 compared to \$249,167 at September 30, 2022. Working capital at September 30, 2023 was \$17,714,293 compared to a working capital deficit of \$4,642,176 as at September 30, 2022.

During the year ended September 30, 2023, the Company completed a \$6,903,000 (USD \$5-million) investment from Osisko Gold Royalties in exchange for a net smelter return (NSR) ranging from 0.125% to 1.5% on certain claims of the company's AntaKori project as well as a right (currently held by Regulus) to buy back a 1% NSR from a third party on certain claims of AntaKori. Proceeds from the investment have been used for exploration activities at AntaKori, \$678,760 was used to repay loans made by directors during the period ended June 30, 2023, and the remainder for general corporate purposes. See Related Party Transactions.

During the year ended September 30, 2023, the Company closed a \$23,112,153 non-brokered private placement of 22,658,974 common shares at a price of \$1.02 per common share. No finder's fee was payable in connection with the private placement. Proceeds from the investment will be used for exploration activities at AntaKori and for general corporate purposes.

Exploration and evaluation of assets at September 30, 2023 totaled \$51,723,583 compared to \$54,719,458 as at September 30, 2022. The decrease is primarily as a result of the \$6,903,000 investment from Osisko Gold Royalties in exchange for an NSR on certain claims of the company's AntaKori project, as well as a right to buy back a 1% NSR from a third party on certain claims of AntaKori, in the current period. The ability of the Company to recover the costs it has incurred to date on its exploration and evaluation assets is dependent upon the Company being able to finance its exploration and development expenditures and to resolve any environmental, regulatory or other constraints which may hinder the successful exploitation or disposal of its exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage.

Share Capital

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

As at the date of this report, the Company had 124,508,818 common shares issued and outstanding and the following stock options and warrants outstanding:

Stock Options

Exercise Price	Number Outstanding	Expiry Date
\$ 1.60	5,225,000	February 4, 2024
1.78	200,000	March 1, 2024
0.86	1,500,000	June 29, 2025
1.49	200,000	October 19, 2025
0.89	200,000	April 13, 2026
0.76	100,000	July 22, 2027
1.02	3,950,000	February 6, 2028
	11,375,000	

Warrants

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

(1) Subsequent to September 30, 2023 these warrants expired unexercised

Related Party Transactions

During the year ended September 30, 2023, 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 year ended September 30, 2023, DBD Resources was paid \$236,047 (2022 - \$224,353). Amounts paid to DBD Resources are classified as management fees expense in the consolidated statements of profit and loss.

At September 30, 2023, the Company owed \$nil (September 30, 2022 - \$60,108) to DBD Resources, included in accounts payable and accrued liabilities. During the year ended September 30, 2022, Mr. John Black loaned the Company \$549,560 (\$400,000 USD). The loan accrued simple interest at 10% per annum, was unsecured and was due on December 31, 2022. The loan and interest were repaid in full during the year ended September 30, 2023.

- b) For the year ended September 30, 2023, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$236,047 in consulting fees (2022 – \$224,353). Amounts paid to Mr. Pickmann are classified as management fees in the consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued \$104,969 (2022 - \$68,552) for legal services. Legal fees paid to Mr. Pickmann’s law firm are classified as legal expenses in consolidated statements of profit and loss.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$40,072) to Mr. Pickmann and owed \$nil (September 30, 2022 – \$38,521) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

- c) Unicus Funds Ltd. (“Unicus”) is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the year ended September 30, 2023, Unicus was paid \$75,000 (2022 – \$75,000). Amounts paid to Unicus are classified as management fees expense in the consolidated statements of profit and loss. During the year ended September 30, 2022, Mr. Mark Wayne loaned the Company \$125,000. The loan accrued simple interest at 10% per annum, was unsecured and was due on December 31, 2022. The loan and interest were repaid in full during the year ended September 30, 2023.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$19,688) to Unicus, included in accounts payable and accrued liabilities.

- d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) (“K.B. Heather”) is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the year ended September 30, 2023, K.B. Heather was paid \$202,326 (2022 – \$192,303). Amounts paid to K.B. Heather are classified as management fees in the consolidated statements of profit and loss.

At September 30, 2023, the Company owed \$nil (September 30, 2022 – \$51,521) to K.B. Heather, included in accounts payable and accrued liabilities.

- e) At September 30, 2023, the Company was owed from \$4,190 (September 30, 2022 – owed \$922) to Aldebaran, a company with common directors and management.

- f) At September 30, 2023, the Company held 2,000,000 common shares (September 30, 2022 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with a director in common, included within long term investments.

Key Management Personnel:

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

The remuneration of directors and other members of key management personnel during the years ended September 30, 2023 and 2022 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2023			
Chief Executive Officer	\$ 236,047	\$ 175,121	\$ 411,168
Chief Geological Officer	202,326	161,650	363,976
Chief Financial Officer	75,000	161,650	236,650
Chief Operating Officer	236,047	161,650	397,697
Non-executive directors	-	107,767	107,767
	\$ 749,420	\$ 767,838	\$ 1,517,258

	Fees and Bonus	Share-based Benefits	Total
Year ended September 30, 2022			
Chief Executive Officer	\$ 224,353	\$ 13,743	\$ 238,096
Chief Geological Officer	192,303	13,743	206,046
Chief Financial Officer	75,000	13,743	88,743
Chief Operating Officer	224,353	13,743	238,096
Non-executive directors	-	92,366	92,366
	\$ 716,009	\$ 147,338	\$ 863,347

Financial and Capital Risk Management

Please refer to the June 30, 2023 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

There were no recent accounting policies adopted during the period ended June 30, 2023.

Proposed Transactions

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

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

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

Contingencies

There are no contingent liabilities.

Internal Controls Over Financial Reporting

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

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

Other MD&A Requirements

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

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

Disclosure for Venture Issuers without Significant Revenue

A breakdown of the components of the Company's general and administrative expenses is disclosed in the audited consolidated financial statements for the year ended September 30, 2023 to which this MD&A relates. A breakdown of the components of the exploration and evaluation assets of the Company is disclosed in the audited consolidated financial statements for the year ended September 30, 2023 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 year ended September 30, 2023 and this MD&A, include the following.

Exploration and Development Risk

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

Negative Operating Cash Flow

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

Mineral Resource Estimates

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

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

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

Title Risk

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

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

Foreign Operations Risk

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

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

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

Metal Price Risk

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

Uncertainty of Funding

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

Recent geopolitical events, including relations between NATO and the Russian Federation regarding the situation in Ukraine, the ongoing conflict in the Middle East, and potential economic global challenges such as the risk of higher inflation and interest rates, may create further uncertainty and risk with respect to the prospects of the Company's business.

Future Offerings of Debt or Equity Securities

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

Currency Risk

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

Social License

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

Internal Controls

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

Information Systems and Cyber Security

The Company's operations depend on information technology ("IT") systems. These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyberattacks, as well as disruptions resulting from incidents

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

Corruption and Bribery

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

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential, as well as the necessary labour and supplies required to develop such properties. The Company competes with other exploration and mining companies, many of which have greater financial resources, operational experience and technical capabilities than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. The Company may not be able to maintain or acquire attractive mining properties on terms it considers acceptable, or at all. Consequently, its financial condition could be materially adversely affected.

Uninsurable Risks

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

Environmental Risks

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

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

Tax

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

Cautionary Note Forward Looking Statements

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

All statements other than statements of historical fact may be forward-looking statements. Forward-looking information is necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: risks and uncertainties relating to, among other things, the inherent uncertainties regarding mineral resource estimates, cost estimates, changes in commodity prices, currency fluctuation, financings, unanticipated resource grades, infrastructure, results of exploration activities, cost overruns, availability of materials and equipment, timeliness of government approvals, taxation, political risk and related economic risk and unanticipated environmental impact on operations, 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 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).