REGULUS
RESOURCES INC

Management's Discussion and Analysis

for the Year Ended September 30, 2015

January 27, 2016

Management Discussion & Analysis for the Year Ended September 30, 2015

This report provides an analysis of the financial and operating results of Regulus Resources Inc. ("Regulus" or the "Company") for the audited year ended September 30, 2015 and September 30, 2014 and should be read in conjunction with the Consolidated Financial Statements and the related Notes for the years then ended (the "Financial Statements").

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

Information herein is current as of January 27, 2016 unless otherwise noted.

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

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

DESCRIPTION OF BUSINESS AND OVERVIEW

Regulus was formed in December 2010 in connection with the sale of Antares Minerals Inc. to First Quantum Minerals Ltd. The Antares team responsible for the discovery of the Haquira porphyry copper deposit, which led to the sale of Antares, is seeking to build on that experience and make another major discovery. Regulus was initially established to continue exploration at the 100% held Rio Grande Au-Cu-Mo porphyry project in northern Argentina. During the past two years, the Company put the Rio Grande project on "hold" and began pursuing opportunities for new mineral projects with good potential for significant discoveries. In September 2014, the Company completed a merger with Southern Legacy Minerals Inc. ("Southern Legacy"). The primary objective of the merger was to acquire the AntaKori Cu-Au-Ag project in northern Peru, which is now the flagship project for Regulus. The AntaKori project is located near several large-scale gold and copper deposits and has an initial NI 43-101 resource of almost 300 million tonnes with attractive grades of copper and gold. Management is confident that further work will expand the current deposit to a size that will be of interest to major mining companies.

Below is a summary of the significant developments for the Company in the fiscal year ended September 30, 2015, updated to January 27, 2016.

Merger with Southern Legacy Minerals Inc. ("Southern Legacy")

In September 2014, the Company completed a merger (the "Merger") with Southern Legacy pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "Plan of Arrangement"). The Plan of Arrangement provided for an exchange ratio of 0.1883 shares of the resulting amalgamated company ("Amalco") for each share of Southern Legacy and an exchange ratio of 0.3333 of Amalco for each share of Regulus. Amalco retained the name *Regulus Resources Inc*. Upon completion of the Plan of Arrangement, Regulus had approximately 45.3 million shares issued and outstanding, of which approximately 74% of were held by former Regulus shareholders and 26% were held by former Southern Legacy shareholders. All of the outstanding common share purchase options of the former Regulus and Southern Legacy were cancelled as part of the Plan of Arrangement for no consideration.

The primary purpose for the Merger was to acquire the AntaKori Cu-Au-Ag project in northern Peru held by Southern Legacy. As noted below, this project already has an initial NI 43-101 resource outlined of almost 300 million tonnes, with attractive grades of copper and gold. We are confident that further work will expand the current deposit to a size that will be of interest to major mining companies. Southern Legacy also provided the combined company with a solid platform in Peru, including a Peruvian share listing, a strong Peruvian shareholder base and senior management domiciled in Peru with excellent political, legal and social contacts.

Private Placement

In November 2014, the Company completed a non-brokered private placement offering for gross proceeds of approximately $5,000,000 by issuing 11,111,111 units at $0.45. Each unit consisted of one common share of the Company and one half of a common share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at $0.70 per share for 3 years.

Options

In December 2014, the Company granted certain directors, officers, consultants and employees incentive stock options to purchase up to 4,577,344 common shares at a price of $0.45 per share for a period of five years pursuant to its Stock Option Plan.

MINERAL PROPERTY REVIEW

This review has been prepared by John Black, CEO and Director of the Company, and a Qualified Person ("QP") as defined by National Instrument 43-101 (Standards of Disclosure for Mineral Projects). Additionally, Mr. Black has reviewed and approved all other technical information disclosed in this MD&A.

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

AntaKori Overview

The AntaKori project is located in northern Peru and hosts a large telescoped Cu-Au-Ag porphyry system with associated skarn, breccias and porphyry-style mineralization developed in sedimentary and intrusive rocks, and an overprint of epithermal, high-sulphidation mineralization in the overlying volcanic rocks. The project has a preliminary 43-101 inferred resource of 294.8 million tonnes grading 0.48% Cu, 0.36 g/t Au and 10.16 g/t Ag (see Table 1 below and refer to the Southern Legacy news release of July 3, 2012). The resource is based on only 17,952 m of drilling, is only reported for the portion of the mineralized system that is owned or controlled by the Company, and is open for expansion in several directions.

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

Resource	Category	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)	Au Eq (M ozs)	Cu Eq (B lbs)
AntaKori Cu-Au-Ag	Inferred	294.7	0.36	0.48	10.16	3.40	3.10	93.30	12.81	5.10
Rio Grande Cu- Au	Indicated	55.3	0.36	0.34	4.38	0.64	0.40	7.80	1.81	0.70
	Inferred	101.1	0.31	0.30	4.40	1.00	0.70	14.40	2.93	1.20
Puchuldiza Au	Inferred	30.1	0.71			0.69			0.69	
*Au Equivalent and Cu Equivalent values were calculated using the following metal prices: Au = US$1200/oz, Cu = US$3.00/lb, and Ag = US$20/oz.										

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

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

Highlights of the AntaKori Project include the following:

- The Company owns or controls 20 mineral concessions, for a total of 289 hectares, which cover most, but not all of the currently known AntaKori mineralized system. Further consolidation of mineral tenure is in process.
- A total of 17,952 m of drilling has been completed in 70 drill holes (22 RCDH and 48 DDH).
- Several of the more significant drill intercepts reported to date include:
  - SRC-07 106 m with 0.85 g/t Au and 1.42% Cu from surface
  - DDH-37 202.1 m with 1.00 g/t Au and 1.89% Cu
  - DDH-44 103.2 m with 1.03 g/t Au and 1.38% Cu from surface
  - DDH-50 84 m with 1.11 g/t Au and 1.47% Cu
- An Independent 43-101 report has documented a large telescoped Au-Cu porphyry system with associated, mineralized breccias, skarns, and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.
- Zones of mineralization have been intercepted by the previous drilling within large geophysical anomalies, thus confirming the utility of the geophysics used in identifying future exploration targets.
- Indication that the mineralized system is open in all directions, and has potential for expansion through future exploration programs.

The Company has established a new office in Peru and is currently expanding its team to explore the AntaKori project. This project is now the flagship project for Regulus and will be the primary focus of our activities. Over the course of the past year the Company has 1) continued to consolidate mineral concessions, 2) advanced negotiation of agreements with adjacent major mining companies to collaboratively explore the District, 3) established a strong community relations team, 4) initiated interaction with local communities, 5) initiated remediation of historical mining sites, 6) compiled and verified available technical data from previous drilling campaigns 7) reclogged all previous drill core and 8) constructed a new geological model.

The focus of our activity in the upcoming year at the AntaKori project will be as follows: 1) continued consolidation of mineral concessions, 2) completion of agreement with neighboring major mining companies to collaboratively explore the District, 3) negotiation of surface access agreements for areas of interest, 4) preparation and submission of required exploration and drilling permits, 5) completion of remediation of some previous mining and exploration sites with community involvement, 6) completion of surface geological mapping and additional geophysical surveys, 7) significant engagement with surrounding communities to plan for upcoming exploration, and 8) potential initiation of drilling activity by year end.

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

Puchuldiza Overview

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

The Company completed an initial field review of this project in June and July of 2015 with emphasis on determination of potential for higher grade mineralization and to better understand the social and environmental setting of the project. Based upon this review, the Company does not plan any significant work on this project in the near future. Accordingly, all previous exploration expenditures on this project ($1,771,466) have been written-off. The Company is seeking a joint venture partner to conduct additional work on the property in 2016.

Golden Brew Overview

The Company has an option agreement with Highway 50 to earn a 50% interest in the Golden Brew Project in central Nevada by expending US$5.0 million on exploration over a five year period. A minimum US$500,000 firm commitment in the first year has been delayed by Force Majeure when the permitting process for the project was slowed as the requisite agencies dealt with a request by the U.S. Fish and Wildlife Service to have the Sage-Grouse designated as an endangered species. The Company has recently received guidance from U.S. Forest Service personnel that noise restriction parameters will be observed within 3 miles of active Sage-Grouse mating grounds ("Leks") between the dates of March 1 and June 30. An active Lek is located within this distance from exploration activities at the Property. As such, the firm commitment of US$500,000 in exploration expenditures will be due 120 days after the Company receives the final permit allowing the parties to commence drilling. All subsequent annual work commitments will be deferred accordingly.

Golden Brew is located at the intersection of the southern flank of the Eastgate volcanic trough and the Western Nevada rift in north-central Nevada. Gold mineralization at Golden Brew is hosted within jasperoid and silicified breccias over a strike length of 2,500 feet and widths up to 200 feet. The jasperoid is developed in thin-bedded limestones and limey siltstones and is anomalous in Carlin-type pathfinder elements of arsenic, antimony and mercury with gold values ranging from 0.1 grams/tonne to 4 grams/tonne. The priority target on the property is the edges of a structural horst block located one mile outboard of the jasperoid outcrop under shallow to moderate thicknesses of pediment cover. Drilling in 2011 intersected a 150 foot section of elevated arsenic and antimony at the south-east corner of the horst block within the favourable carbonate section. The horst block is coincident with the projected intersection of a set of crustal scale structures and a strong magnetic low. This magnetic low may reflect magnetic destruction of alteration related to the mineralizing system. Follow-up drilling will focus on the northeastern and southeastern structural corners of the horst block, areas of gravity lows within the gravity high. Gravity lows in this setting may be a function of alteration (decalcification) related to Carlin-type gold mineralization. The targeted areas straddle the boundary between lands administered by the Bureau of Land Management (BLM) and the US Forest Service. Drill permitting is in place for the BLM portion of the property and permitting for the U.S. Forest Service lands has been delayed as the status of Sage Grouse protection has been resolved. The drilling program is anticipated to comprise eight to ten holes for a total of 16,000 feet and a cost of approximately US$400,000. Management currently anticipates that this drilling program will commence in Q3-2016 upon receipt of permits for the targets on U.S. Forest Service land.

Rio Grande Overview

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

Other Projects Overview

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

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

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

OPERATIONS AND FINANCIAL CONDITION

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 Canadian IFRS guidelines.

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

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

Results of Operations – For the Year Ended September 30, 2015 Compared to the Year Ended September 30, 2014

Loss from operating activities

During the year ended September 30, 2015, loss from operating activities decreased by $42,918,158 to $3,371,418 compared to $46,289,576 for the year ended September 30, 2014. The decrease in loss from operating activities is largely due to the write-off of the Rio Grande property which added $45,455,158 to the loss for the year ended September 30, 2014. For the year ended September 30, 2015, the Company wrote off the Puchildiza property in Chile, an amount of $1,771,466 and additional Rio Grande expenditures totaling $602,108. Other significant variances from the prior year are as follows:

- A decrease of $209,817 in share-based compensation. Share-based compensation was $453,081 for the year ended September 30, 2015 compared to $662,898 for the year ended September 30, 2014. The decrease resulted from the final vesting of options granted in prior years occurring in the prior year, offset by the partial vesting of options granted in the current year.

- An increase of $13,141 in interest expense. Interest expense was $51,295 for the year ended September 30, 2015 compared to $38,154 for the year ended September 30, 2014. Interest expense represents the annual amortized amount of the estimated decommissioning liability. As at September 30, 2015 the Company's estimate for decommissioning liability was increased to $1,677,283 from $1,534,171 at September 30, 2014 as a result of adjustments to the mineral properties of Southern Legacy.

- A decrease of $428,742 in gain on disposal of marketable securities. Loss on disposal of marketable securities was $30,678 in the year ended September 30, 2015 compared to a gain of $398,064 in the year ended September 30, 2014. Marketable securities were purchased and sold as part of the mechanism to remit funds into Argentina.

- A decrease of $53,772 in finance income. Finance income was $86,599 in the year ended September 30, 2015 compared to $140,371 in the year ended September 30, 2014. The decrease was the result of a reduced cash balance during the current year.

For the year ended September 30, 2014, the statements of operations and comprehensive loss do not include operating expenses incurred in Chile and Peru. Therefore, comparatives between many of the categories on the statements of operations are unlikely to provide useful information. Examples of the discrepancies include:

- An increase of $195,179 in wages and benefits. Wages and benefits were $261,993 for the year ended September 30, 2015 compared to $66,814 for the year ended September 30, 2014. The increase is due to the inclusion of administrative wages of personnel in Peru and Chile offset partially by the reduced cost of wages in Argentina caused by staff terminations.

- An increase of $315,261 in management fees. Management fees were $431,475 for the year ended September 30, 2015 compared to $116,214 for the year ended September 30, 2014. The increase resulted largely from the settlement of outstanding accruals of management fees for executives of Southern Legacy.

- An increase of $100,031 in legal. Legal was $138,894 for the year ended September 30, 2015 compared to $38,863 for the year ended September 30, 2014. The increase resulted from legal activity related to the acquisition of Southern Legacy and costs related to the private placement in November 2015.

- An increase of $174,622 in accounting and audit. Accounting and audit was $249,135 for the year ended September 30, 2015 compared to $74,513 for the year ended September 30, 2014. The increase resulted from costs provided by outside accounting services in Southern Legacy.

The net loss for the year ended September 30, 2015 was $3,371,418 or $0.06 per basic and diluted share compared to net loss of $46,289,576 or $1.39 per basic and diluted share for the year ended September 30, 2014.

Cash Flow

Operating Activities

Cash used in operating activities was $2,415,200 for the year ended September 30, 2015 compared to $301,257 for the year ended September 30, 2014. The increase in cash used in operations results primarily from the decrease in accounts payable and accrued liabilities and the foreign exchange gain on marketable securities in the current year against the gain incurred in the year ended September 30, 2014.

Investing Activities

Cash used in investing activities was $3,507,747 for the year ended September 30, 2015 compared to $2,461,020 for the year ended September 30, 2014. The increase in cash used in investing activities resulted primarily from the reduction of the cash received on the disposal of marketable securities from $2,948,796 in 2014 to $1,770,192 in the period ending September 30, 2015, an increase in acquisition of exploration and evaluation assets which was $4,337,313 in the year ended September 30, 2015 compared to $233,514 in the year ended September 30, 2014, offset by cash advanced to Southern Legacy of $2,800,000 in the year ended September 30, 2014.

Summary of Quarterly Results

The following is a summary of certain selected unaudited financial information for the most recent eight fiscal quarters comprising the Company’s preceding two fiscal years.

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

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

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

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

Results of Operations – For the Three Months Ended September 30, 2015 Compared to the Three Months Ended September 30, 2014

During the three months ended September 30, 2015, loss from operating activities was $3,704,613 compared to $45,774,258 for the three months ended September 30, 2014. In the three months ended September 30, 2014, operating expenses related to Southern Legacy were not included. In addition, in the three months ended September 30, 2015, the Company undertook significant changes to the allocation of operating expenses to the various categories listed on the statements of operations and comprehensive loss compared to how these expenses were reported in the first three quarters of 2014. Both of these changes make the comparison of individual categories difficult and yield data that may not be useful to the reader.

The net loss for the three months ended September 30, 2015 was $2,704,613 or $.05 per basic and diluted share compared to $45,774,258 or $1.37 per basic and diluted share for the three months ended September 30, 2014.

Cash Flow

Operating Activities

Cash used in operating activities was $441,723 for the three months ended September 30, 2015 compared to cash provided of $404,970 for the three months ended September 30, 2014. The increase in cash provided resulted primarily from an increase in accounts payable and accrued liabilities

Financing Activities

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

Investing Activities

Cash used in investing activities was $1,383,052 for the three months ended September 30, 2015 compared to $2,317,210 for the three months ended September 30, 2014. During the three months ended September 30, 2015, the Company expensed $1,649,924 on the acquisition of exploration and evaluation assets, offset by a net gain on disposal of marketable securities of $323,000.

The Company's activities are now focused on developing the AntaKori project in Peru. The breakdown of material field operations components of exploration and evaluation of assets as at September 30, 2015 and September 30, 2014 are as follows:

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Puchuldiza, Chile	Total
Balance, September 30, 2013	$ 50,243,465	$ 343,533	$ -	$ -	$ -	$ 50,586,998
Additions:						
Acquisitions	-	-	-	9,253,405	1,394,466	10,647,871
Administrative services	35,614	1,199	8,238	-	-	45,051
Field operations	24,175	-	2,907	-	-	27,082
Labour	540,433	6,222	34,050	-	-	580,705
Roads and trenches	(189,697)	-	-	-	-	(189,697)
Taxes and licences	1,313	16,850	-	-	-	18,163
Third party services	17,257	-	-	-	-	17,257
Property payments	-	-	48,346	-	-	48,346
	429,095	24,271	93,541	9,253,405	1,394,466	11,194,778
Foreign exchange movement	(5,217,402)	(118,552)	-	-	-	(5,335,954)
Write-off of exploration and evaluation asset	(45,455,158)	-	-	-	-	(45,455,158)
Balance, September 30, 2014	$ -	$ 249,252	$ 93,541	$ 9,253,405	1,394,466	$ 10,990,664
Additions:						
Administrative services	81,358	213	-	61,106	29,618	172,295
Field operations	19,607	-	1,209	185,343	-	206,159
Labour	494,908	-	2,587	379,464	-	876,959
Taxes and licences	-	-	-	70,861	52,915	123,776
Third party services	(8,147)	8,087	68,790	147,343	12,341	228,414
Property payments	1,434	21,728	57,210	2,640,980	-	2,721,352
	589,160	30,028	129,796	3,485,097	94,874	4,328,955
Foreign exchange movement	12,948	19,594	-	2,141,122	282,126	2,455,790
Write-off of exploration and evaluation asset	(602,108)	-	-	-	(1,771,466)	(2,373,574)
Balance, September 30, 2015	$ -	$ 298,874	$ 223,337	$ 14,879,624	-	$ 15,401,835

Liquidity and Capital Resources

Cash at September 30, 2015 totaled $7,876,643 compared to $9,238,633 at September 30, 2014. Working capital at September 30, 2015 was $6,053,957 compared to $7,443,817 as at September 30, 2014. Exploration and evaluation assets at September 30, 2015; in Argentina, Peru and the U.S., totaled $15,401,835 compared to $10,990,664 at September 30, 2014. Cash used in investing activities during the year ended September 30, 2015 was $3,434,904 in comparison to $2,461,020 in 2014. The Company has sufficient working capital to continue the exploration and development at the Company's AntaKori project and its various other projects for the next twelve months.

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

As at September 30, 2015, the Company had 56,390,583 issued and outstanding common shares (September 30, 2014 - 45,279,473). As at January 27, 2016, the Company had 56,390,583 issued and outstanding common shares.

As at September 30, 2015, there were no shares remaining in escrow (September 30, 2014 – 645,615). The remaining 548,772 common shares were released from escrow during the year ended September 30, 2015.

During the year ended September 30, 2015, 4,577,344 stock options were granted at a price of $0.45 per share all expiring December 17, 2019 and no stock options were exercised or expired. As at September 30, 2015, the Company had 4,577,344 stock options outstanding at an exercise price of $0.45, expiring December 17, 2019. If exercised, the 4,577,344 stock options would increase the Company's available cash by $2,059,800. Subsequent to the end of the year, up to January 27, 2016, there were no options granted or exercised.

During the year ended September 30, 2015, 11,111,110 units (each a "Unit") were issued at a purchase price of $0.45 per Unit pursuant to a non-brokered private placement financing for cash proceeds of $5,000,000. Each Unit consisted of one common share of the Company and one half of a common share purchase warrant (each full warrant a "Warrant"). Each Warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.70 per share. 5,405,555 of the Warrants are exercisable until November 3, 2017 and 150,000 of the Warrants are exercisable until November 6, 2017. If exercised, the 5,555,555 warrants would increase the Company's available cash by $3,783,888. Subsequent to the end of the year and up to January 27, 2016, there were no warrants granted or exercised.

The Company's financial success will be dependent upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations.

Related Party Transactions

During the year ended September 30, 2015, the Company entered into the following transactions with key management personnel:

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director to the Company. For the year ended September 30, 2015, DBD Resources was paid $147,466 (year ended September 30, 2014 - $54,162). Amounts paid to DBD Resources are classified as management fees in the consolidated statements of operations and comprehensive loss.

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

b) For the year ended September 30, 2015, Mr. Fernando Pickmann, President, COO and a director to the Company, was paid or accrued $147,466 (year ended September 30, 2014 – $Nil). Management services paid to Mr. Pickmann are classified as management fees expense in the consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann is a partner was paid $152,487 (2014 - $Nil) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the consolidated statements of operations and comprehensive loss.

   At September 30, 2015, the Company owed $Nil (September 30, 2014 - $99,252) to Mr. Pickmann.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director to the Company. For the year ended September 30, 2015, Unicus was paid $50,000 (year ended September 30, 2014 – $48,510). Amounts paid to Unicus are classified as management fees in the consolidated statements of operations and comprehensive loss.

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

d) The Rock Doctor ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, CGO of the Company. For the year ended September 30, 2015, Rock Doctor was paid $147,466 (year ended September 30, 2014 – $81,591). Amounts paid to Rock Doctor are included in the consolidated statements of financial position in exploration and evaluation assets (2015 - $Nil; 2014 - $40,200) or are classified as management fees (2015 – 147,466; 2014 - $41,391) in the consolidated statements of operations and comprehensive loss.

   At September 30, 2015, the Company owed $Nil (September 30, 2014 - $43,786) to Rock Doctor.

During the years ended September 30, 2015 and September 30, 2014, the Company entered into the following transactions with related parties:

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

b) During the year ended September 30, 2014, the Company acquired 2,000,000 units with a historical cost of $720,000 and a fair value at September 30, 2015 of $290,000 in Highway 50, a corporation which has two directors who are also directors of the Company (Note 9).

Key Management Personnel:

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

The remuneration of directors and other members of key management personnel during the years ended September 30, 2015 and September 30, 2014 are as follows:

	Salaries	Other Payments	Share-based Benefits	Total
Year ended September 30, 2015				
Chief Executive Officer	$ -	$ 147,466	$ 69,289	$ 216,755
Chief Operating Officer	-	147,466	69,289	216,755
Chief Financial Officer	-	50,000	69,289	119,289
Chief Geological Officer	-	147,466	69,289	216,755
Non-executive Directors	-	-	79,187	79,187
	$ -	$ 492,398	$ 356,343	$ 848,741
September 30, 2014				
Chief Executive Officer	$ -	$ 54,162	$ 114,213	$ 168,375
Chief Financial Officer	-	48,510	114,213	162,723
Chief Geological Officer	-	81,591	114,213	195,804
Non-executive Directors	-	-	252,900	252,900
Former VP, Exploration	-	68,245	65,264	133,509
Former Chief Operating Officer	-	-	(58,272)	(58,272)
	$ -	$ 252,508	$ 602,531	$ 855,039

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

Investor Relations

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

Financial and Capital Risk Management

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

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

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

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

Credit risk

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

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

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

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2015, the Company had a cash balance of $7,876,643 to settle current liabilities of $1,845,354. Management believes that it has sufficient funds to meet its current liabilities as they become due.

Market risk

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

a) Interest rate risk

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

b) Foreign currency risk

   The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in U.S.$, the A-Peso, the Chilean peso ("C-Peso") and the Peruvian neuvo sol ("PEN"). A 10% fluctuation in the US$, A-Peso, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $408,000.

c) Price risk

   The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds. A 10% fluctuation in market prices would affect comprehensive income (loss) by $30,000.

Capital management

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

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

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

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

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

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

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2015. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

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

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

Forward Looking Statements

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as “anticipate”, “believe”, “plan”, “estimate”, “expect”, and “intend”, statements that an action or event “may”, “might”, “could”, “should”, or “will” be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Company’s properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the potential for conflicts of interest among certain officers, directors or promoters with certain other projects; the volatility of the Company’s common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management’s beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

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