



Management's Discussion and Analysis

For the Three Months Ended December 31, 2017

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 March 1, 2018 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended December 31, 2017 and 2016 and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS"). The following should be read in conjunction with the audited annual consolidated financial statements for the year ended September 30, 2017 and all other disclosure documents of the Company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. The Company is presently a "Venture Issuer" as defined in NI 51-102. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and the Company's website at www.regulusresources.com.

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

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

Description of Business and Overview

Regulus was formed in December 2010 in connection with the sale of Antares Minerals Inc. to First Quantum Minerals Ltd. 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. 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. ("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 mines and deposits and has an initial NI 43-101 inferred resource of 294.8 million tonnes with a copper grade of 0.48% and a gold grade of 0.36 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.

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 pertaining to the AntaKori and Rio Grande projects has been reviewed and approved by Dr. Stewart D. Redwood, BSc (Hons), PhD, FIMMM, FGS, Chief Geologist AntaKori Project, and a qualified person (QP) under the definitions of National Instrument 43-101. The scientific and technical data contained in the section pertaining to the Golden Brew project has been reviewed and approved by Gordon Leask, P.Eng., a director of Regulus, 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. This project has a 43-101 inferred resource of 294.8 million tonnes grading 0.48% Cu and 0.36 g/t Au (please refer to Southern Legacy Minerals news release of July 3, 2012 and Table 1 below). The resource, based on 17,952 m of drilling, is only reported for the portion of the mineralized system that is owned or controlled by Regulus, and is open for expansion in several directions.

Table 1. AntaKori Cu-Au-Ag Project Summary of 43-101 Resources							
Resource Type	Inferred Category						
	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)
In-Pit	125.4	0.25	0.28	6.6	1.0	0.8	26.6
Underground	169.4	0.44	0.63	12.8	2.4	2.4	69.6
Total	294.8	0.36	0.48	10.2	3.4	3.1	93.3

- Notes:
- i) Estimates were calculated using Inverse Distance Squared method
 - ii) Estimates were calculated within a Whittle Pit and limited to Southern Legacy Peru's property mineral tenure
 - iii) In-pit cut-off grade of 0.2% Cu equivalent
 - iv) Underground resources assume Block Caving at 0.5% Cu equivalent cut-off
 - v) Metal prices utilized for estimate were US\$1,500/oz Au, US\$25/oz Ag and US\$3.50/lb Cu

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 the right to acquire an interest in 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 Cu-Au-Ag skarn system with associated breccias and porphyry-style mineralization developed in sedimentary and intrusive rocks, and an overprint of epithermal, high-sulphidation mineralization in the overlying volcanic rocks. A 43-101 technical report entitled "Technical Report – Southern Legacy Minerals Inc., - AntaKori Project, Peru dated July 2, 2012 and prepared by Scott E. Wilson, C.P.G. was filed on SEDAR and can be viewed at www.sedar.com under the profile "Southern Legacy Minerals Inc.". The 43-101 technical report reports an inferred resource of 294.8 million tonnes grading 0.48% Cu, 0.36 g/t Au and 10.16 g/t Ag (see Table 1 above and refer to the Southern Legacy Minerals 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.

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 (recently auctioned by the Peruvian Government to Southern Copper)

Highlights of the AntaKori Project include the following:

- The Company owns or controls 20 mineral concessions, for a total of 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) by previous operators.
- An Independent 43-101 report has documented a large Cu-Au-Ag skarn system with associated, mineralized breccias and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.

- Zones of mineralization have been intercepted by the previous drilling within large geophysical anomalies, thus confirming the utility of the geophysics used in identifying future exploration targets.
- Indication that the mineralized system is open in all directions, and has potential for expansion through future exploration programs.

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

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

Regulus commenced drilling at AntaKori in April 2017 with an objective to confirm and extend the known mineralization.

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

In November 2017, the Company announced the results from drill holes: AK-17-003A, drilled by Regulus and DHSF17-161 and DHSF17-164, drilled by Coimolache.

AK-17-003A (938.1m) and DHSF17-161 (689m) were completed to targeted depths and cut both styles of mineralization, with well-developed skarn in the underlying Cretaceous calcareous sedimentary sequence. DHSF17-164 (303.8m) is a shallow hole that only crossed Regulus concessions for the interval from 78.9-109.7m depth within Miocene volcanic rocks. The more significant results from these three holes are listed below with additional details provided in Tables 2 and 3.

Highlights from drill holes AK-17-003A, DHSF17-161 – AntaKori Project:

- DHSF17-161: 323.4 m with 0.52% Cu, 0.15 g/t Au and 8.28 g/t Au from 266.6 m depth
 - including 110.5 m with 0.67% Cu, 0.20 g/t Au and 11.81 g/t Ag
 - including 27.55 m with 1.03 % Cu, 0.24 g/t Au and 21.63 g/t Ag
 - including 53.00 m with 1.10% Cu, 0.23 g/t Au and 13.25 g/t Ag
 - including 28.00 m with 1.77 % Cu, 0.35 g/t Au, 20.94 g/t Ag and 0.77% Zn
 - All mineralization as skarn with relatively low As contents
 - 400 m step out from any previous drilling on Regulus concessions
- AK-17-003A: 596.6 m with 0.35% Cu, 0.24 g/t Au and 5.49 g/t Ag from 241.1 m depth
 - including 144.7 m with 0.63% Cu, 0.57 g/t Au and 9.42 g/t Ag (HS mineralization)
 - including 51.9 m with 0.95% Cu, 0.98 g/t Au and 8.18 g/t Ag
 - including 107.5 m with 0.28% Cu, 0.15 g/t Au and 7.07 g/t Ag (skarn mineralization)
 - including 119.0 m with 0.34% Cu, 0.15 g/t Au and 2.08 g/t Ag (skarn mineralization)

Discussion of results and update on drilling program

The following table provides more detail regarding the mineralized intercepts encountered in drill holes DHSF17-161, DHSF17-164 and AK-17-003A. All three holes were drilled at a -70 degree angle to the northeast. The true widths of the mineralized intervals reported in Table 3 are difficult to ascertain and additional drilling will be required to constrain the geometry of the mineralized zones.

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Table 2. DHSF17-161, 17-164 and AK-17-003A Results									
Drill Hole ID	From (m)	To (m)	Length (m)	Copper (%)	Gold (g/t)	Silver (g/t)	Cu Eq (%)	Au Eq (g/t)	
DHSF17-161	0.00	266.60	Not within Regulus Concessions - not reportable by Regulus						
	266.60	590.00	323.40	0.52	0.15	8.28	0.71	0.99	
including	287.50	398.00	110.50	0.67	0.20	11.81	0.92	1.28	
which includes	331.95	359.50	27.55	1.03	0.24	21.63	1.40	1.96	
including	504.00	557.00	53.00	1.10	0.23	13.25	1.38	1.94	
which includes	504.00	532.00	28.00	1.77	0.35	20.94	2.21	3.10	
	636.00	653.00	17.00	0.20	0.13	3.05	0.31	0.44	
	683.90	689.00	5.10	0.65	0.36	11.23	1.01	1.41	
Total depth	689.00								
DHSF17-164	0.00	78.89	Not within Regulus Concessions - not reportable by Regulus						
	78.89	109.69	30.80	0.23	0.16	4.84	0.39	0.55	
	109.69	303.80	Not within Regulus Concessions - not reportable by Regulus						
Total depth	303.80								
AK-17-003A	0.00	211.57	Not within Regulus Concessions - not reportable by Regulus						
	241.10	837.70	596.60	0.35	0.24	5.49	0.57	0.80	
including	270.43	415.50	144.72	0.63	0.57	9.42	1.12	1.57	
which includes	300.70	352.60	51.90	0.95	0.98	8.18	1.72	2.41	
and	371.30	394.10	22.80	0.75	0.84	21.18	1.54	2.16	
including	452.70	560.20	107.50	0.28	0.15	7.07	0.45	0.64	
including	716.08	835.12	119.04	0.34	0.15	2.08	0.47	0.66	
	889.64	899.75	10.11	0.52	0.13	3.25	0.65	0.91	
Total depth	938.81								
<p>Cu Eq and Au Eq values were calculated using copper, gold, silver and zinc (for intervals where zinc exceeds 1%). Metal prices utilized for the calculations are Cu – US\$2.25/lb, Au – US\$1,100/oz, Ag – US\$14/oz, and Zn – US\$1.00/lb. All intervals presented above consist of sulphide mineralization, with the exception of the narrow interval in DHSF17-164, which is partially oxidized. No adjustments were made for recovery as the project is an early stage exploration project and metallurgical data to allow for estimation of recoveries is not yet available. The formulas utilized to calculate equivalent values are Cu Eq (%) = Cu% + (Au g/t * 0.7150) + (Ag g/t * 0.0091) + (Zn % * 0.4444 (if Zn >1.0%)) and Au Eq (g/t) = Au g/t + (Cu% * 1.4026) + (Ag g/t * 0.0127) + (Zn% * 0.6234 (if Zn >1.0%)).</p>									

Drill Hole ID	From (m)	To (m)	Length (m)	Copper (%)	Gold (g/t)	Silver (g/t)	Zinc (%)	As (ppm)
DHSF17-161								
Skarn	266.60	590.00	323.40	0.52	0.15	8.28	0.19	144
Skarn	287.50	398.00	110.50	0.67	0.20	12.81	0.33	206
Skarn	331.95	359.50	27.55	1.03	0.24	21.63	0.77	226
Skarn	504.00	557.00	53.00	1.10	0.23	13.25	0.10	131
Skarn	504.00	532.00	28.00	1.77	0.35	20.94	0.08	174
Skarn with HS overprint	636.00	653.00	17.00	0.20	0.13	3.05	0.06	366
Skarn with HS overprint	683.90	689.00	5.10	0.65	0.36	11.23	0.02	1716
DHSF17-164								
Miocene Volcanic (HS)	78.89	109.69	30.80	0.23	0.16	4.84	0.00	726
AK-17-003A								
Miocene Volcanic (HS)	241.10	401.20	160.10	0.59	0.51	8.90	0.08	1806
Miocene Volcanic (HS)	300.70	352.60	51.90	0.95	0.98	8.18	0.01	3139
Miocene Volcanic (HS)	371.30	394.00	22.80	0.75	0.84	21.18	0.24	2085
Skarn/breccia	401.20	837.70	436.50	0.26	0.14	4.24	0.11	99
Skarn/breccia	452.70	560.20	107.50	0.28	0.15	7.07	0.19	111
Skarn/quartzite/breccia	716.08	835.12	119.04	0.34	0.15	2.08	0.01	103
Quartzite (HS overprint?)	889.64	899.75	10.11	0.52	0.13	3.25	0.00	1230
HS = high sulphidation epithermal style mineralisation.								

DHSF17-161 was drilled from the upper benches of the Tantauatay pit along the southern margin of the Regulus concessions, about 400 m to the southeast of previously reported drill hole DHSF17-160, and was drilled at a -70 degree angle to the northeast (045 degree azimuth), crossing into Regulus ground at a depth of 266.60 m. The hole was within the Cretaceous sedimentary sequence with well-developed skarn mineralogy as it entered into Regulus concessions. Minor porphyry and breccia dikes cut the sedimentary rocks. The drill hole terminated in calcareous siltstones near the base of the Inca Formation, cross-cut by breccias and a late-stage felsic dike, without entering into the underlying Farrat Formation quartzite. Mineralization within the skarn sequence is pyrite-chalcopyrite-magnetite as disseminations, veinlets and massive replacements. Zinc is locally elevated, which may indicate that this is a more distal portion of the skarn system. The final 5.1 m of the drill hole averages 0.65% Cu, 0.36 g/t Au and 11.23 g/t Ag in breccia. This is the first drill hole in this portion of the Regulus property, with the nearest previous drill holes more than 400 m away.

Drill hole DHSF17-164 was collared along the southern margin of the Regulus concessions, about 200 m to the east drill hole DHSF17-161, and drilled at a -70 degree angle to the northeast (045 degree azimuth). The hole is mostly within the Coimolache concessions and only enters the Regulus concessions for the interval of 78.9-109.7 m depth. The narrow interval within Regulus concessions is within Miocene volcanic rocks that are pervasively affected by advanced argillic alteration with mineralization predominantly pyrite-enargite as disseminations, fracture coatings and locally as more massive veining with subsequent partial oxidation of the sulphide minerals.

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Drill hole AK-17-003A was collared within the Coimolache concessions along the southern margin of the Regulus concessions, about 150 m to the northwest of previously reported drill hole AK-17-002, and drilled at a -70 degree angle to the northeast (055 degree azimuth) crossing into Regulus ground at a depth of 211.57 m. The initial attempt to drill this hole was lost at a depth of 411.4 m (AK-17-003) and was subsequently re-drilled from the surface as AK-17-003A which is reported here. The hole encountered Miocene volcanic rocks with strong high sulphidation alteration and mineralization to a depth of 401.4 m and then entered into the Cretaceous sedimentary sequence with well-developed skarn mineralogy. The skarn is cut by numerous breccias and feldspar porphyry dikes. Sulphide mineralization within the Miocene volcanic rocks is predominantly pyrite-enargite whereas mineralization within the skarn sequence is pyrite-chalcopyrite with pyrite notably more abundant than chalcopyrite. The hole bottoms in quartzite of the Farrat Formation from 813 m onward.

Table 3 reports the mineralized intervals based upon lithology and demonstrates the notable difference in arsenic content between high sulphidation mineralization in the Miocene volcanic sequence (1000-3000 ppm As) and the lower concentrations found in the zones of skarn mineralization (typically 100-200 ppm As). As drilling progresses to the north over the next few months, it is anticipated that the skarn will be less affected by the late high sulphidation overprint and As contents will decrease.

AK-17-004, located approximately 300 metres to the north of DHSF17-161, has been completed to a total depth of 989.65 m. Results for this hole will be presented when all assays have been received. Regulus and Coimolache technical teams are collaborating to develop coordinated exploration programs for 2018.

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 by previous operators 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 the NI 43-101 Technical Report, Pulchuldiza Project, 1 Region, Chile, dated May 15, 2011 under the Southern Legacy Minerals profile at www.sedar.com).

The Company is required to pay a royalty of 1.5% of the net smelter return from commercial production up to a cumulative total of US\$5,000,000. 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 has subsequently determined that it will relinquish the property and is currently evaluating the most efficient manner to do so with consideration to potential recovery of tax credits. During the period ended December 31, 2017, the Company wrote off exploration expenditures of \$Nil (2016 - \$37,068).

Golden Brew Overview

The Company has an option agreement with Highway 50 Gold Corp. 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. Upon earn-in the parties will form a joint venture on a 50/50 basis. A minimum US\$500,000 firm commitment in the first year was 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 a species of interest. The Company 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 planned exploration activities at the Property. The Company received the final permit allowing the parties to commence drilling on August 1, 2017. As such, the firm commitment of US\$500,000 in exploration expenditures will be due 120 days from August 1 (obligation met by September 30, 2017) with all subsequent annual work commitments 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 favorable 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

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reflect magnetic destruction of alteration related to the mineralizing system. 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.

In January 2018, the Company announced the results of the 2017 five hole reverse circulation drill program comprised of 2,939 metres (9,640 feet). Drilling at Golden Brew is testing a Carlin type arsenic-antimony-gold system located within an uplifted horst block on the western edge of a shallowly buried Lower-plate Window. The area of interest is outboard of a large zone of auriferous (to 4 g/t gold) jasperoid exposed on the lower slopes of the Toiyabe Mountain Range. Bedrock was intersected in all holes beneath 207 to 466 metres (680 to 1,530 feet) of postmineral valley fill. Drilling was widely spaced, targeting zones of structural complication, gravity lows, and magnetic lows as indicated by geophysical surveys. All the drill holes intersected deeply oxidized sections of thin-bedded silty limestone with oxidation consisting of pervasive limonite/hematite staining and accompanied by local weak to moderate decalcification. Locally, this alteration has highly elevated values in arsenic (to 828 ppm) and antimony (to 812 ppm) with anomalous gold (to 67 ppb). Of note, drill hole GBR-17-07 in the southwest corner of the area drilled, intersected a zone of pyritic carbonaceous gouge from 1,980 feet to 2,000 feet, which has highly anomalous arsenic (to 829 ppm), antimony (to 130 ppm), and elevated gold (to 55 ppb). This hole bottomed in mineralization.

In summary, drilling to date at Golden Brew has established a substantial area of altered, oxidized and mineralized thin-bedded silty limestones – favourable hosts for Carlin-style mineralization, within a structurally complex Lower-plate Window. Mineralization here exhibits all the characteristics of a large Carlin-type system. Based upon the results, follow-up drilling is warranted. The Company is currently re-interpreting existing geophysical data as well as studying alteration features with a view to directing future drilling.

Rio Grande Overview

The Company's 100% owned Rio Grande Cu-Au-Ag-Mo porphyry project is located in the high Puna of NW Argentina, 450km west of the city of Salta. The Company suspended drilling activity at Rio Grande in late 2012 to conserve cash and re-evaluate the exploration strategy in light of challenging market conditions. During 2015 and early 2016, a major project data review was completed including re-logging of all drill core from the project. This data review confirmed that further exploration at depth is merited. Although the Company continues to maintain the project on hold, the political and investment climate in Argentina has notably improved and options to recommence exploration are under evaluation. The June 2016 acquisition of Goldrock Mines Corp. and its Lindero gold project by Fortuna Silver Mines Inc. may also have an impact on future exploration and possible development at the Rio Grande Project. The Lindero gold project is located approximately 10 km from the Rio Grande project and Fortuna Silver has announced that it will develop and mine the project in the near future.

An initial NI 43-101 resource estimate has been calculated on the basis on a total of 78 drill holes (33,015.47 m) and 11,294 m of surface trenches and includes all drilling on the project through to the end of 2008. In 2011 Regulus hired Wardrop Engineering Inc., a Tetra Tech Company, who completed a 43-101 compliant resource containing gold (637,025 oz. indicated plus 1,002,458 oz. inferred), silver (7,787,342 oz. indicated plus 14,449,042 oz. inferred) and copper (416,240,000 lbs. indicated plus 674,405,000 lbs. inferred). This estimate does not include any results from additional drilling programs performed after 2008.

	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)
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

*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. Metal recoveries are not reported at this time due to the early stage of the project and the absence of sufficient data

Other Projects Overview

Field review of the early-stage Aguas Calientes, La Frontera and Oscara projects in northern Argentina was completed in 2015-2016 and determined that further work is warranted at these projects. The Company conducted field mapping and a sampling program on the Aguas Calientes project in 2016 to develop potential drill targets, and is currently evaluating whether to proceed

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with drilling or to seek a joint venture partner. It is likely that partners will be sought to advance the La Frontera (Catamarca Province) and Oscara (Salta Province) projects.

Outlook for 2018

Exploration activities will continue to focus primarily on the AntaKori project in 2018. The current 15,000-18,000m drill program at AntaKori has been progressing more slowly than anticipated with only approximately 40% of the program completed as of February 28, 2018. Additional drill rigs were added to the program at the end of 2017 to remediate this situation. Current plans call for three drill rigs operating until April 2018, when the rainy season terminates, at which time the rig count will be increased to a total of 4 or 5 drill rigs. Completion of the 15,000-18,000m drill program is anticipated by mid 2018 and the results of this program will be incorporated into a revised 43-101 resource estimation report to be completed by late 2018. Subject to availability of funding, drilling will continue directly into a subsequent program of approximately 25,000m to be completed by early 2019.

The Company is currently reviewing the results from the 2017 drill program at the Golden Brew project and will be re-interpreting existing geophysical data as well as studying alteration features to help design a program of additional drilling. Completion of additional drilling will be subject to approval from the Board of Directors.

The Company is also currently assessing opportunities to re-initiate exploration activity in Argentina in 2018.

Operations and Financial Condition

Results of Operations for the Three Months Ended December 31, 2017 Compared to the Three Months Ended December 31, 2016

During the three months ended December 31, 2017, loss from operating activities was \$581,799 compared to loss from operating activities of \$1,436,560 for the three months ended December 31, 2016. Significant variances from the same period in the prior year are as follows:

- A decrease of \$539,455 in share-based compensation. Share-based compensation was \$119,548 for the period ended December 31, 2017 compared to \$659,003 for the period ended December 31, 2016 due to the timing of vesting of stock options issued in December 2014 and September 2016.
- A gain of \$265,178 on foreign exchange for the period ended December 31, 2017 compared to \$34,699 for the period ended December 31, 2016. The difference was mainly the result of fluctuations of the US\$, the A-Peso, the Chilean peso, the Peruvian Nuevo sol, and the CAD\$ in the current period as compared to the prior period.
- A decrease of \$82,939 in legal fees. Legal fees were \$53,988 for the period ended December 31, 2017 compared to \$136,927 for the period ended December 31, 2016. The decrease resulted from a lower volume of legal activities in the current period compared to the prior period.

The remaining expenses were relatively comparable to the same period of the prior year.

Cash Flow

Operating Activities

Cash outflow from operating activities was \$863,938 for the period ended December 31, 2017 compared to cash outflow of \$787,785 for the period ended December 31, 2016. The change was the cumulative result of several variations in the items affecting cash flow from operations as discussed above under "Results from Operations".

Financing Activities

Cash inflow from financing activities was \$3,731,388 for the period ended December 31, 2017 compared to \$91,123 for the period ended December 31, 2016. The increase in cash inflow results primarily from proceeds received from exercise of warrants during the current period.

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Investing Activities

Cash outflow from investing activities was \$3,161,591 for the period ended December 31, 2017 compared to \$642,321 for the period ended December 31, 2016. The increase in cash outflow results primarily from an increase in expenditures on exploration and evaluation assets in the current period compared to the prior period.

Summary of Quarterly Results

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

All in \$1,000's except loss (gain) per share	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Working capital	\$4,297	\$4,604	\$8,085	\$10,004
Loss (gain)	\$582	\$1,051	\$1,522	\$(516)
Loss (gain) per share	\$0.01	\$0.01	\$0.02	\$0.01
Loss (gain) per common share (diluted)	\$0.01	\$0.01	\$0.02	\$0.01
Total assets	\$34,158	\$31,592	\$30,654	\$32,019
Total liabilities	\$2,360	\$2,674	\$1,577	\$1,682
Deficit	\$66,247	\$65,665	\$64,615	\$63,093

All in \$1,000's except loss (gain) per share	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Working capital	\$11,375	\$12,311	\$1,544	\$2,569
Loss (gain)	\$1,437	\$2,761	\$818	\$2,049
Loss (gain) per share	\$0.02	\$0.04	\$0.01	\$0.04
Loss (gain) per common share (diluted)	\$0.02	\$0.04	\$0.01	\$0.04
Total assets	\$32,495	\$33,542	\$21,036	\$21,691
Total liabilities	\$1,988	\$2,666	\$1,919	\$1,954
Deficit	\$63,609	\$62,173	\$59,412	\$58,594

Liquidity and Capital Resources

Cash at December 31, 2017 totaled \$6,169,687 compared to \$6,815,719 at September 30, 2017. Working capital at December 31, 2017 was \$4,297,371 compared to \$4,604,128 as at September 30, 2017. Exploration and evaluation of assets at December 31, 2017 totaled \$27,060,103 compared to \$23,664,855 as at September 30, 2017. The Company has sufficient working capital to continue operations for at least the next 12 months.

During the period ended December 31, 2017, the Company received proceeds of \$3,731,388 from the exercise of 5,330,555 warrants. Subsequent to December 31, 2017, the Company received proceeds of \$12,000 from the exercise of 7,500 warrants at \$1.60 per warrant.

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 74,226,722 common shares issued and outstanding.

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Stock Options

Exercise Price	Number Outstanding	Expiry Date
\$ 0.45	4,238,334	December 13, 2019
\$ 1.50	2,100,000	September 2, 2021
\$ 1.84	100,000	December 28, 2022
	6,438,334	

Warrants

Exercise Price	Number Outstanding	Expiry Date
\$ 1.60	5,903,151	January 27, 2020
	5,903,151	

Related Party Transactions

During the period ended December 31, 2017, the Company entered into the following transactions with key management personnel and related parties.

- a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director of the Company. For the period ended December 31, 2017, DBD Resources was paid \$64,010 (2016 - \$40,356). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

At December 31, 2017, the Company owed \$Nil (September 30, 2017 - \$Nil) to DBD Resources and \$Nil (September 30, 2017 - \$27,377) to Mr. John Black for the expenses incurred in the normal course of the business.

- b) For the period ended December 31, 2017, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued \$56,007 in consulting fees (2016 - \$41,995) and \$Nil as a bonus (2016 - \$Nil). Consulting fees and bonus paid or accrued to Mr. Pickmann are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss. A law firm at which Mr. Pickmann was a partner was paid or accrued \$45,532 (2016 - \$59,533) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of operations and comprehensive loss.

At December 31, 2017, the Company owed \$13,193 (September 30, 2017 - \$756) to the law firm at which Mr. Pickmann was a partner.

- c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the period ended December 31, 2017, Unicus was paid \$12,500 (2016 - \$12,500). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

At December 31, 2017, the Company owed \$Nil (September 30, 2017 - \$Nil) to Unicus.

- d) The Rock Doctor Limitada ("Rock Doctor") is a private company controlled by Mr. Kevin Heather, Chief Geological Officer of the Company. For the period ended December 31, 2017, Rock Doctor was paid \$64,010 (2016 - \$40,356). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

At December 31, 2017, the Company owed \$Nil (September 30, 2017 - \$Nil) to Rock Doctor.

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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 periods ended December 31, 2017 and 2016 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Three months ended December 31, 2017			
Chief Executive Officer	\$ 64,010	\$ 11,358	\$ 75,368
Chief Operating Officer	56,007	11,358	67,365
Chief Financial Officer	12,500	11,358	23,858
Chief Geological Officer	64,010	11,358	75,368
Non-executive directors	-	22,717	22,717
	\$ 196,527	\$ 68,149	\$ 264,676
Three months ended December 31, 2016			
Chief Executive Officer	\$ 40,356	\$ 62,613	\$ 102,969
Chief Operating Officer	41,995	62,613	104,608
Chief Financial Officer	12,500	62,613	75,113
Chief Geological Officer	40,356	62,613	102,969
Non-executive directors	-	125,226	125,226
	\$ 135,207	\$ 375,678	\$ 510,885

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

Please refer to the December 31, 2017 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the December 31, 2017 interim condensed consolidated financial statements on www.sedar.com.

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 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,

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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 or directors 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).