Management's Discussion and Analysis

For the Six Months Ended March 31, 2018

General

The following Management Discussion and Analysis ("MD&A") of Regulus Resources Inc. (the "Company" or "Regulus") has been prepared by management, in accordance with the requirements of National Instrument 51-102 ("NI 51-102") as of May 30, 2018 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the six months ended March 31, 2018 and 2017 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.

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 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

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
ii) 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

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 NI 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 NI 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 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 was completed in 70 drill holes (22 reverse circulation drill holes and 48 diamond drill holes) by previous operators.
- An Independent NI 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. The initial phase of drilling is planned to be approximately 18,000 m which will roughly double the total drilling at the project.

Significant Results During the Current Period 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 onto Regulus mineral concessions (see news release dated November 30, 2017 at www.regulusresources.com).

AK-17-003A (938.1m) and DHSF17-161 (689m) were completed to targeted depths and cut both epithermal and skarn 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.

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

- 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 (epithermal high sulphidation 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)

In April 2018, the Company announced the results from six additional drill holes (see news release dated April 13, 2018 at www.regulusresources.com). AK-17-004, 005 and 006 were collared to the east and south of the currently reported AntaKori NI 43-101 resource. The recent expansion of drilling permits has now allowed drilling to step to the north onto Regulus mineral concessions and drill holes AK-18-007, 008 and 009 were collared on Regulus concessions, within the footprint of the reported resource, to confirm and extend the known but only partially delineated resource.

Highlights from drill holes AK-004 through AK-009 – AntaKori Project:

- AK-18-009:
  - 258.09 m with 0.43% Cu, 0.29 g/t Au and 4.62 g/t Ag (0.68% CuEQ) from 8 m depth
    - including 101.04 m with 0.65 % Cu, 0.44 g/t Au and 7.85 g/t Ag (1.03% CuEQ)
    - High-sulphidation epithermal style mineralization in Miocene volcanic sequence
  - 145.48 m with 0.70% Cu, 0.42 g/t Au and 11.97 g/t Ag (1.11% CuEQ) from 288 m depth
    - Well developed skarn with lower As contents
  - The above two intervals are separated by a 22 m interval of post-mineral dike
  - Drill hole was lost at 433.35 m in well mineralized skarn

- AK-18-008:
  - 437.35 m with 0.45% Cu, 0.18 g/t Au and 4.95 g/t Ag (0.62% CuEQ) from 84 m depth
    - including 81 m with 1.03 % Cu, 0.26 g/t Au and 6.67 g/t Ag (1.28% CuEQ)
  - 237.6 m with 0.38% Cu, 0.14 g/t Au and 2.68 g/t Ag (0.50% CuEQ) from 595 m depth

- AK-18-007:
  - 387.75 m with 0.41% Cu, 0.18 g/t Au and 7.82 g/t Ag (0.61% CuEQ) from 219 m depth
    - including 200.25 m with 0.61 % Cu, 0.22 g/t Au and 10.77 g/t Ag (0.85% CuEQ)
  - at 730.83 m depth the hole exits Regulus ground and enters into Compania Minera Coimolache ground. The final portion of the hole in Regulus ground consists of strongly brecciated and veined Farrat Formation quartzite, with the final 4.60 m interval in Regulus ground averaging 0.79% Cu, 0.23 g/t Au and 3.99 g/t Ag (0.99% CuEQ) with elevated Mo contents.

- AK-17-006:
  - 31.37 m with 1.91% Cu, 0.11 g/t Au and 4.05 g/t Ag (2.03% CuEQ) from 99 m depth (where hole enters Regulus ground)
    - High-sulphidation style mineralization in Miocene volcanic sequence
  - 326 m with 0.35% Cu, 0.34 g/t Au and 23.44 g/t Ag from 266.5 m depth (0.81% CuEQ)
    - including 102.68 m with 0.47 % Cu, 0.52 g/t Au and 13.52 g/t Ag (0.96% CuEQ)
    - Skarn and breccia style mineralization with lower As contents

The 18,000+ m phase one drill program will systematically drill out and extend the previous resource at AntaKori on approximately 150 m centers with a few more closely spaced holes to help determine the geometry of geologic units and the spatial variation of mineralization. The objective of the phase one drill program is to confirm and extend the previously reported mineralization with an updated resource estimate to be completed by the end of this year.

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 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 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 March 31, 2018, the Company wrote off exploration expenditures of $Nil (2017 - $57,840).

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 was due 120 days from August 1, 2017 (obligation met by September 30, 2017) with all subsequent annual work commitments deferred accordingly. An additional work commitment of US$1,000,000 in exploration expenditures must be completed by November 28th, 2018 to maintain the option agreement in good standing for a total of US1,500,000 in expenditures by that date. To date approximately US$918,000 of exploration expenditures have been completed.

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 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 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 suspended drilling activity at the Rio Grande Project 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 started construction of a mine.

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 with drilling or to seek a joint venture partner. A drilling permit has been approved for the Aguas Calientes project and drilling could commence on relatively short notice. 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 18,000m drill program at AntaKori is now approximately 65% complete as of May 30, 2018. Three drill rigs are currently in operation at the project with a fourth drill rig scheduled to arrive during the month of June and a fifth rig contemplated to arrive in July. Completion of the 18,000m drill program is anticipated by Q3-2018 and the results of this program will be incorporated into a revised NI 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 25-35,000m to be completed by approximately Q3 2019 with a corresponding updated resource estimate completed by the end of 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 currently evaluating options to realize value for its exploration portfolio in Argentina, particularly given the improved outlook for foreign investment in exploration activity in the country. A decision on the best way to proceed is anticipated in the near future.

Operations and Financial Condition

Results of Operations for the Six Months Ended March 31, 2018 Compared to the Six Months Ended March 31, 2017

During the six months ended March 31, 2018, loss from operating activities was $974,100 compared to loss from operating activities of $920,301 for the six months ended March 31, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $991,380 in share-based compensation. Share-based compensation was $198,625 for the period ended March 31, 2018 compared to $1,190,005 for the period ended March 31, 2017 due to the timing of vesting of stock options issued in December 2014 and September 2016.

- A gain of $1,067,311 on foreign exchange for the period ended March 31, 2018 compared to $1,858,425 for the period ended March 31, 2017. The difference was mainly the result of fluctuations of the US$, the Argentinian Peso, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current period as compared to the prior period.

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

Results of Operations for the Three Months Ended March 31, 2018 Compared to the Three Months Ended March 31, 2017

During the three months ended March 31, 2018, loss from operating activities was $392,301 compared to income from operating activities of $516,259 for the three months ended March 31, 2017. Significant variances from the same period in the prior year are as follows:

- A decrease of $451,925 in share-based compensation. Share-based compensation was $79,077 for the period ended March 31, 2018 compared to $531,002 for the period ended March 31, 2017 due to the timing of vesting of stock options issued in December 2014 and September 2016.

- A gain of $802,133 on foreign exchange for the period ended March 31, 2018 compared to $1,823,726 for the period ended March 31, 2017. The difference was mainly the result of fluctuations of the US$, the Argentinian Peso, the Chilean Peso, the Peruvian Nuevo Sol and the CAD$ in the current period as compared to the prior period.

- An increase of $129,756 in office and administration fees. Office and administration fees were $213,895 for the period ended March 31, 2018 compared to $84,139 for the period ended March 31, 2017. The increase resulted from a higher volume of office and administrative activities in Peru 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 $770,412 for the period ended March 31, 2018 compared to cash inflow of $178,537 for the period ended March 31, 2017. 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 $3,743,388 for the period ended March 31, 2018 compared to $91,123 for the period ended March 31, 2017. The increase in cash inflow results primarily from proceeds received from exercise of warrants during the current period.

Investing Activities

Cash outflow from investing activities was $5,885,931 for the period ended March 31, 2018 compared to $1,563,459 for the period ended March 31, 2017. 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	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Working capital	$617	$4,297	$4,604	$8,085
Loss (gain)	$392	$582	$1,051	$1,522
Loss (gain) per share	$0.01	$0.01	$0.01	$0.02
Loss (gain) per common share (diluted)	$0.01	$0.01	$0.01	$0.02
Total assets	$34,061	$34,158	$31,592	$30,654
Total liabilities	$2,696	$2,360	$2,674	$1,577
Deficit	$66,639	$66,247	$65,665	$64,615

All in $1,000's except loss (gain) per share	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Working capital	$10,004	$11,375	$12,311	$1,544
Loss (gain)	$(516)	$1,437	$2,761	$818
Loss (gain) per share	$0.01	$0.02	$0.04	$0.01
Loss (gain) per common share (diluted)	$0.01	$0.02	$0.04	$0.01
Total assets	$32,019	$32,495	$33,542	$21,036
Total liabilities	$1,682	$1,988	$2,666	$1,919
Deficit	$63,093	$63,609	$62,173	$59,412

Liquidity and Capital Resources

Cash at March 31, 2018 totaled $2,773,945 compared to $6,815,719 at September 30, 2017. Working capital at March 31, 2018 was $617,104 compared to $4,604,128 as at September 30, 2017. Exploration and evaluation of assets at March 31, 2018 totaled $30,259,076 compared to $23,664,855 as at September 30, 2017. Management is currently evaluating a future financing in the Company including equity raises in order to fund the drilling program proposed to the end of 2018

During the period ended March 31, 2018, the Company received proceeds of $3,743,388 from the exercise of 5,338,055 warrants.

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.

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 six month period ended March 31, 2018, 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 six month period ended March 31, 2018, DBD Resources was paid $127,238 (2017 - $79,920). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $21,476 (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 six month period ended March 31, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $111,333 in consulting fees (2017 – $81,560) and $Nil as a bonus (2017 - $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 $81,379 (2017 - $80,207) 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 March 31, 2018, the Company owed $18,793 (September 30, 2017 - $Nil) to Mr. Pickmann and owed $1,440 (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 six month period ended March 31, 2018, Unicus was paid $25,000 (2017 – $25,000). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, 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 six month period ended March 31, 2018, Rock Doctor was paid $127,238 (2017 – $79,920). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At March 31, 2018, the Company owed $21,476 (September 30, 2017 – $Nil) to Rock Doctor.

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 March 31, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Six months ended March 31, 2018			
Chief Executive Officer	$ 127,238	$ 18,872	$ 146,110
Chief Operating Officer	111,333	18,872	130,205
Chief Financial Officer	25,000	18,872	43,872
Chief Geological Officer	127,238	18,872	146,110
Non-executive directors	-	37,744	37,744
	$ 390,809	$ 113,232	$ 504,041
Six months ended March 31, 2017			
Chief Executive Officer	$ 79,920	$ 113,065	$ 192,985
Chief Operating Officer	81,560	113,065	194,625
Chief Financial Officer	25,000	113,065	138,065
Chief Geological Officer	79,920	113,065	192,985
Non-executive directors	-	226,129	226,129
	$ 266,400	$ 678,389	$ 944,789

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

Investor Relations

In April 2018, the Company executed an agreement with Ms. Laura Brangwin to provide investor relations services to the Company. Ms. Brangwin will be paid on an hourly basis up to USD$2,500 per month and will be granted 50,000 stock options of the Company within 90 days of the date of the investors relations agreement (the "IR Agreement"), under the terms and conditions of the Company's Stock Option Plan. The IR Agreement and the grant of options are subject to regulatory approval. Ms. Brangwin does not own any shares of Regulus.

Financial and Capital Risk Management

Please refer to the March 31, 2018 interim condensed consolidated financial statements on www.sedar.com.

Recent Accounting Policies

Please refer to the March 31, 2018 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, 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).