REGULUS RESOURCES INC

(the "Company")

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 2018 AND 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim condensed consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
As at

	June 30, 2018	September 30, 2017
ASSETS		
Current		
Cash (Note 4)	$ 427,708	$ 6,815,719
Receivables (Note 5)	450,079	59,094
Prepaid expenses (Note 6)	53,624	47,325
	931,411	6,922,138
Long-term investment (Note 9)	799,000	850,000
Property, plant and equipment (Note 7)	365,352	154,864
Exploration and evaluation assets (Note 8)	33,784,487	23,664,855
	$ 35,880,250	$ 31,591,857
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 10)	$ 3,876,598	$ 2,289,877
Due to related parties (Note 13)	179,125	28,133
	4,055,723	2,318,010
Decommissioning liability (Note 11)	414,969	356,356
	4,470,692	2,674,366
Equity		
Capital stock (Note 12)	98,445,955	92,896,977
Accumulated other comprehensive loss	(7,080,847)	(6,708,360)
Share compensation reserve (Note 12)	7,992,439	8,394,225
Deficit	(67,947,989)	(65,665,351)
	31,409,558	28,917,491
	$ 35,880,250	$ 31,591,857

Nature and continuance of operations (Note 1)
Commitments (Note 17)
Subsequent events (Note 18)

Approved by the Board:

Director:

"John Black"

John Black

Director and Chairman of the Audit Committee:

"Anthony Hawkshaw"

Anthony Hawkshaw

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

	3 months ended June 30, 2018	3 months ended June 30, 2017	9 months ended June 30, 2018	9 months ended June 30, 2017
EXPENSES				
Accounting and audit	$ 44,539	$ 47,216	$ 207,130	$ 255,187
Amortization (Note 7)	10,169	5,253	28,111	21,590
Bank charges and interest	7,978	9,465	22,014	26,858
Consulting fees	106,942	18,595	141,288	57,587
Fees and taxes	19,656	(48,623)	70,135	(16,834)
Insurance	16,556	36,822	40,146	87,704
Interest expense (Note 11)	7,384	9,988	21,885	29,727
Investor relations and shareholder information	41,520	10,304	125,338	39,994
Legal (Note 13)	54,722	87,041	138,340	232,842
Management fees (Note 13)	232,124	205,058	622,933	471,458
Office and administration	148,028	125,423	393,324	285,090
Rent	34,975	52,414	114,274	143,085
Share-based compensation (Note 12, 13)	46,429	295,136	245,054	1,485,141
Telephone	6,352	9,405	17,590	20,832
Transfer agent and listing fees	3,813	13,673	40,746	34,734
Travel	12,279	4,272	76,260	53,025
Wages and benefits	8,610	3	43,977	1,923
	(802,076)	(881,445)	(2,348,545)	(3,229,943)
OTHER ITEMS				
Gain (loss) on foreign exchange	(33,050)	(481,294)	1,034,261	1,377,131
Write-off of exploration and evaluation assets (Note 8)	-	(21,098)	-	(78,938)
Write-off of prepaid expenses (Note 6)	(104,287)	(57,479)	(12,956)	(223,330)
Write-off of receivables (Note 5)	(371,326)	(104,304)	(993,609)	(357,244)
Interest income	2,201	23,942	38,211	70,345
LOSS FOR THE PERIOD	(1,308,538)	(1,521,678)	(2,282,638)	(2,441,979)
Items that may be reclassified subsequently to profit and loss:				
Change in fair market value of long-term investment	247,000	276,000	(51,000)	461,000
Items that will not be reclassified subsequently to profit and loss:				
Translation adjustment	(99,354)	(344,085)	(321,487)	(1,429,741)
Comprehensive loss for the period	$ (1,160,892)	$ (1,589,763)	$ (2,655,125)	$ (3,410,720)
Loss per common share – basic and diluted	$ (0.02)	$ (0.02)	$ (0.04)	$ (0.05)
Weighted average number of common shares outstanding	**74,240,949**	**68,630,034**	**73,764,705**	**68,583,386**

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
For the Nine Months Ended June 30

	Number of Shares		Capital Stock		Accumulated Other Comprehensive Loss		Share Compensation Reserve		Deficit		Total
Balance, September 30, 2016	68,368,083	$	92,469,042	$	(6,141,133)	$	6,721,383	$	(62,172,836)	$	30,876,456
Shares issued on exercise of options	225,000		157,500		-		(56,250)		-		101,250
Shares issued on exercise of warrants	50,000		35,000		-		-		-		35,000
Share issuance costs	-		(10,127)		-		-		-		(10,127)
Share-based compensation	-		-		-		1,485,141		-		1,485,141
Fair value adjustment to long-term investment	-		-		461,000		-		-		461,000
Foreign exchange adjustment	-		-		(1,429,741)		-		-		(1,429,741)
Loss for the period	-		-		-		-		(2,441,979)		(2,441,979)
Balance, June 30, 2017	68,643,083	$	92,651,415	$	(7,109,874)	$	8,150,274	$	(64,614,815)	$	29,077,000
Balance, September 30, 2017	68,888,667	$	92,896,977	$	(6,708,360)	$	8,394,225	$	(65,665,351)	$	28,917,491
Shares issued on exercise of warrants	5,338,055		3,743,388		-		-		-		3,743,388
Shares issued on exercise of options	2,575,000		1,805,590		-		(646,840)		-		1,158,750
Share-based compensation	-		-		-		245,054		-		245,054
Fair value adjustment to long-term investment	-		-		(51,000)		-		-		(51,000)
Foreign exchange adjustment	-		-		(321,487)		-		-		(321,487)
Loss for the period	-		-		-		-		(2,282,638)		(2,282,638)
Balance, June 30, 2018	76,801,722	$	98,445,955	$	(7,080,847)	$	7,992,439	$	(67,947,989)	$	31,409,558

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars
For the Nine Months Ended June 30

	2018	2017
Cash Flows from Operating Activities		
Net loss for the period	$ (2,282,638)	$ (2,441,979)
Items not affecting cash:		
Amortization	28,111	21,590
Interest expense	21,885	29,727
Share-based compensation	245,054	1,485,141
Write-off of exploration and evaluation assets	-	78,938
Write-off of prepaid expenses	12,956	223,330
Write-off of receivables	993,609	357,244
Changes in non-cash working capital items:		
Receivables	(1,387,111)	(360,896)
Prepaid expenses	(19,001)	(239,709)
Accounts payable and accrued liabilities	1,272,308	130,568
Due to related parties	150,992	(375,830)
Net cash used in operating activities	(963,835)	(1,091,876)
Cash Flows from Financing Activities		
Proceeds from exercise of stock options	1,158,750	101,250
Proceeds from exercise of warrants	3,743,388	35,000
Share issuance costs	-	(10,127)
Net cash provided by financing activities	4,902,138	126,123
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(227,730)	(45,743)
Exploration and evaluation assets and decommissioning liability	(9,126,566)	(2,400,168)
Net cash used in investing activities	(9,354,296)	(2,445,911)
Effect of foreign exchange on cash	(972,018)	(1,975,057)
Change in cash for the period	(6,388,011)	(5,386,721)
Cash, beginning of period	6,815,719	14,425,974
Cash, end of period	$ 427,708	$ 9,039,253

Supplemental disclosures with respect to cash flows (Note 14)

1. NATURE AND CONTINUANCE OF OPERATIONS

Regulus Resources Inc. ("Regulus" or the "Company") is a mineral exploration company formed on December 16, 2010, with a portfolio of properties located in Peru, Argentina, Chile, the USA, and Canada.

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

As at June 30, 2018, the Company had working capital deficiency of $3,124,312. Management is currently completing a private placement financing in the Company to provide it with sufficient capital for the next 12 months or longer. There can be no assurance that the Company will be able to obtain adequate financing or that the terms of such financing will be favourable. The Company has no source of operating cash flows and as such the Company's ability to continue as a going concern is contingent on its ability to monetize assets or obtain additional financing. See Subsequent Events.

These interim condensed consolidated financial statements were authorized by the audit committee and by the board of directors of the Company on August 29, 2018.

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by IFRS for annual consolidated financial statements.

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of application as the Company's most recent annual audited consolidated financial statements. They should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended September 30, 2017, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

Judgments

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

Functional currencies

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

2. BASIS OF PREPARATION (cont'd…)

Impairment of exploration and evaluation assets

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

Estimates

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

Carrying value and recoverability of exploration and evaluation assets

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

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

Fair value of stock options and warrants

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

Income taxes

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

Decommissioning costs

Upon retirement of the Company's exploration and evaluation assets, decommissioning costs will be incurred by the Company. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related asset and the corresponding expense are affected by estimates with respect to the costs and timing of decommissioning.

2. BASIS OF PREPARATION (cont'd…)

Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 13). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at September 30, 2017. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2017.

Recent accounting pronouncements

Accounting standards, amendments and interpretations not yet effective:

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after January 1, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these interim condensed consolidated financial statements are not expected to have a material effect on the Company's future results and financial position:

- IFRS 9, Financial Instruments replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories -- amortized cost and fair value. IASB has tentatively decided to require an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

- IFRS 15, Revenue Recognition - Revenue from Contracts with Customers establishes the principles that an entity shall apply to financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer, effective for annual periods beginning on or after January 1, 2018.

Expressed in Canadian Dollars

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

- IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The extent of the impact of adoption has not yet been determined.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's interim condensed consolidated financial statements.

4. CASH

	June 30, 2018	September 30, 2017
Cash on deposit	$ 427,708	$ 6,815,719

5. RECEIVABLES

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

	June 30, 2018	September 30, 2017
Tax credits and advances receivable	$ 450,079	$ 59,094

During the period ended June 30, 2018, the Company wrote-off $993,609 (2017 - $357,244) of receivables to profit and loss. These receivables primarily related to Value Added Taxes in South America for which recoverability is uncertain.

6. PREPAID EXPENSES

The prepaid expenses for the Company are broken down as follows:

	June 30, 2018	September 30, 2017
Prepaid expenses	$ 53,624	$ 47,325

During the period ended June 30, 2018, the Company wrote off $12,956 (2017 – $223,330) of prepaid expenses to profit and loss. These prepaid expenses primarily relate to tax balances paid in advance in South America.

Expressed in Canadian Dollars

7. PROPERTY, PLANT AND EQUIPMENT

	Vehicles	Office Furnishings	Equipment	Land	Total
Cost					
Balance, September 30, 2016	$ 8,534	$ 55,692	$ 58,975	$ -	$ 123,201
Additions	-	3,607	124,863	-	128,470
Foreign exchange movement	(1,246)	(8,133)	(8,613)	-	(17,992)
Balance, September 30, 2017	$ 7,288	$ 51,166	$ 175,225	$ -	$ 233,679
Additions	-	-	75,673	152,057	227,730
Foreign exchange movement	201	1,413	6,930	4,200	12,744
Balance, June 30, 2018	$ 7,489	$ 52,579	$ 257,828	$ 156,257	$ 474,153
Accumulated amortization					
Balance, September 30, 2016	$ 6,626	$ 15,323	$ 30,622	$ -	$ 52,571
Amortization	715	3,713	26,302	-	30,730
Foreign exchange movement	(565)	(1,307)	(2,614)	-	(4,486)
Balance, September 30, 2017	$ 6,776	$ 17,729	$ 54,310	$ -	$ 78,815
Amortization	419	1,493	26,199	-	28,111
Foreign exchange movement	126	337	1,412	-	1,875
Balance, June 30, 2018	$ 7,321	$ 19,559	$ 81,921	$ -	$ 108,801
Carrying amounts					
As at September 30, 2016	$ 1,908	$ 40,369	$ 28,353	$ -	$ 70,630
As at September 30, 2017	$ 512	$ 33,437	$ 120,915	$ -	$ 154,864
As at June 30, 2018	$ 168	$ 33,020	$ 175,907	$ 156,257	$ 365,352

8. EXPLORATION AND EVALUATION ASSETS

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

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

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

	June 30, 2018	September 30, 2017
Other Argentina properties	$ 78,823	$ 168,419
Rio Grande, Argentina	$ 734,162	$ 682,735
AntaKori property, Peru	$ 31,820,497	$ 21,796,140
Golden Brew property, Nevada, USA	$ 1,151,005	$ 1,017,561
	$ 33,784,487	$ 23,664,855

	Rio Grande, Argentina	Other, Argentina	Golden Brew, Nevada USA	AntaKori, Peru	Puchuldiza, Chile	Total
Balance, September 30, 2016	$ 309,264	$ 172,153	$ 298,301	$ 17,837,203	$ -	$ 18,616,921
Additions:						
Administrative services	25,769	292	12,925	115,741	-	154,727
Change in estimates related to decommissioning liability	(73,079)	(57,337)	-	19,162	-	(111,254)
Field operations	43,356	40,668	610,726	2,665,829	-	3,360,579
Labour	356,516	-	-	833,442	-	1,189,958
Property payments	-	-	45,328	151,655	-	196,983
Recoveries	(55,368)	-	-	-	-	(55,368)
Taxes and licences	24,301	73,257	-	-	-	97,558
Third party services	158,036	66	50,281	577,095	-	785,478
	479,531	56,946	719,260	4,362,924	-	5,618,661
Foreign exchange movement	(106,060)	(60,680)	-	(403,987)	-	(570,727)
Balance, September 30, 2017	$ 682,735	$ 168,419	$ 1,017,561	$ 21,796,140	$ -	$ 23,664,855
Additions:						
Administrative services	14,729	14	1,807	73,551	-	90,101
Change in estimates related to decommissioning liability	-	5,696	-	-	-	5,696
Field operations	4,991	1,050	70,599	7,769,577	-	7,846,217
Labour	233,248	-	-	397,159	-	630,407
Property payments	-	-	39,891	75,296	-	115,187
Recoveries	(25,995)	-	-	-	-	(25,995)
Taxes and licences	19,146	32,348	-	-	-	51,494
Third party services	83,013	957	21,147	479,034	-	584,151
	329,132	40,065	133,444	8,794,617	-	9,297,258
Foreign exchange movement	(277,705)	(129,661)	-	1,229,740	-	822,374
Balance, June 30, 2018	$ 734,162	$ 78,823	$ 1,151,005	$ 31,820,497	$ -	$ 33,784,487

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

AntaKori Project, Peru

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

(a) An option agreement was executed in December 2011 with certain members of the Santolalla family, providing a right to acquire 86.8% of the capital stock of Minas del Sinchao S.A., which owns 50% of the capital stock of SMRL Rita Margot de Cajamarca. SMRL Rita Margot de Cajamarca owns three mining rights and has a 50% interest in SMRL Maria Eugenia 2 Mina Volare de Cajamarca which owns an additional mining right that comprises a portion of the AntaKori project. The agreement also provides for a 1% net smelter return royalty for the Santolalla family which is subject to a US$4.5 million buy-out option. Payments made to date are US$3,038,000 with no payments remaining;

(b) A second option agreement dated November 2013 provides the right to acquire an additional 7.7% interest in Minas del Sinchao S.A, which increases the Company's right to acquire an interest in Minas del Sinchao S.A. up to 94.5% of its capital stock. Payments made to date are US$233,926 with no payments remaining;

(c) Two option and usufruct agreements dated March 2012 were executed whereby two owners of a combined 12.5% ownership of SMRL Rita Margot De Cajamarca granted in favor of Regulus Peru a usufruct right over their 12.5% ownership of the entity. With the usufruct over the vendors' shares, Regulus Peru has an option to acquire 62.5% of the SMRL Rita Margot De Cajamarca capital stock. Each of these option and usufruct agreements provide the owners a net smelter royalty of 0.1875%. Payments made to date are US$877,000 with no payments remaining;

(d) Six option and usufruct agreements were executed in December 2012, whereby 30 owners of a combined 62.5% ownership of SMRL El Sinchao De Cajamarca ("El Sinchao") granted in favour of SLM Peru a usufruct right over their 62.5% ownership of the entity with the payment terms set out in the table below. El Sinchao owns 100% of three mining concessions that compose a portion of the AntaKori project. With the usufruct over the vendors' shares, Regulus Peru has an option to acquire 62.5% of El Sinchao capital stock. No smelter royalties or back-in rights exist as part of this option agreement. Payments made to date are US$1,173,558 with no payments remaining;

(e) Two option and usufruct agreements were executed in March 2013, whereby four owners of a combined 20.63% ownership of El Sinchao granted in favour of Regulus Peru a usufruct right over their 20.63% ownership of the entity. With the usufruct over the vendors' shares, Regulus Peru increased to 83.13% the total of El Sinchao's capital stock it has options to acquire. These option agreements do not contain smelter royalties or back-in rights clauses. Payments made to date are US$386,381 with no payments remaining;

(f) An option and usufruct agreement were executed in September 2014, whereby Regulus Peru purchased 25% of the outstanding shares of Rita Margot de Cajamarca for a total of US$1,750,000. Payments made to date are US$1,750,000 with no payments remaining.

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

AntaKori Project, Peru (cont'd…)

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

Payment Due Date		Amount (US$)
Paid during the year ended September 30, 2012	$	580,000
Paid during the year ended September 30, 2013		1,159,170
Paid during the year ending September 30, 2014		1,923,769
December 31, 2014 (paid)		510,000
March 4, 2015 (paid)		350,000
June 30, 2015 (paid)		540,000
September 4, 2015 (paid)		350,000
September 6, 2015 (paid)		50,000
September 15, 2015 (paid)		50,000
December 31, 2015 (paid)		550,000
March 4, 2016 (paid)		351,197
June 30, 2016 (paid)		583,926
September 4, 2016 (paid)		350,000
September 6, 2016 (paid)		37,000
September 15, 2016 (paid)		37,000
December 31, 2016 (paid)		38,000
Total	$	7,460,062

The AntaKori property is in good standing with regard to its option payments.

During the year ended September 30, 2016, the Company announced that its wholly owned Peruvian subsidiary, Southern Legacy Peru S.A.C, ("Regulus Peru"), had entered into binding Memorandum of Understanding agreements ("MOU's") with Compañía Minera Coimolache S.A. ("Coimolache") and Compañía Minera Colquirrumi S.A. ("Colquirrumi"), companies that hold mineral concessions immediately adjacent to, and inter-fingering with, Regulus Peru's AntaKori copper-gold project in northern Peru. These agreements will allow for mutual access, mutual rights of expansion and collaborative exploration of the project area, providing benefit to all three parties. The MOU agreements are to be superceded by more comprehensive definitive agreements. During the year ended September 30, 2017, the Company finalized the execution of a definitive agreement with Coimolache and Colquirrumi, based on the previously executed MOU's with the terms of the agreements remaining effectively the same.

Rio Grande, Argentina

The Company holds a 100% interest in the Rio Grande property in Salta Province, Argentina.

Puchuldiza Property, Chile

The Company holds a 100% interest in the Puchuldiza Property. 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.

During the period ended June 30, 2018, the Company wrote off the capitalized cost of $Nil (2017 - $78,938) associated with the Puchuldiza property as a result of management not planning any significant work on the property in the near future.

Expressed in Canadian Dollars

8. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Golden Brew, Nevada, USA

On February 14, 2014, the Company signed an agreement with Highway 50 Gold Corp. ("Highway 50") whereby Highway 50 granted Regulus an option (the "Option") to earn a 50% interest in Highway 50's Golden Brew property. In order to exercise the Option, the Company must spend US$5,000,000 on exploration expenditures on the project over 5 years. Upon earn-in the parties will form a joint venture on a 50/50 basis. The transaction was considered to be non-arms length under the rules of the TSX Venture Exchange by virtue of the fact that two of the directors of Regulus, John Leask and Gordon Leask, are also directors of Highway 50. This transaction was unanimously approved by the three other Regulus Board members, all of whom are independent of Highway 50, with John Leask and Gordon Leask both abstaining. During the period ended June 30, 2018, the Company amended and paid the annual option payment from US$50,000 to US$30,000.

In addition to the AntaKori, Rio Grande, Puchuldiza, and Golden Brew properties, the Company holds a 100% interest in the Aguas Calientes, El Camino, Catua, Oscuro and La Frontera properties in Argentina and the Fireweed property in British Columbia, Canada.

9. LONG-TERM INVESTMENT

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

		Fair Value		Cost
Balance as at September 30, 2016	$	371,000	$	740,000
Fair market value adjustments		479,000		-
Balance as at September 30, 2017	$	850,000	$	740,000
Fair market value adjustments		(51,000)		-
Balance as at June 30, 2018	$	799,000	$	740,000

The Company held 2,000,000 share purchase warrants exercisable at a price of $0.60 in the capital of Highway 50 Gold Corp. which expired on February 28, 2018. These warrants had a fair value of $Nil.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		June 30, 2018		September 30, 2017
Trade payables	$	3,876,598	$	2,289,877

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

Expressed in Canadian Dollars

11. DECOMMISSIONING LIABILITY

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

	June 30, 2018	September 30, 2017
Asset retirement obligation – beginning of year	$ 356,356	$ 1,331,929
Remediation performed	-	(865,821)
Change in estimates	5,696	(111,254)
Interest expense	21,885	39,636
Foreign exchange movement	31,032	(38,134)
Asset retirement obligation – end of year/period	$ 414,969	$ 356,356

The total amount of estimated undiscounted cash flows required to settled the Company's estimated obligation is $561,287 as at June 30, 2018 (September 30, 2017 - $519,794), which has been discounted using a credit adjusted rate of 10% and an inflation rate of 2%. The present value of the decommissioning liabilities may be subject to change based on management's estimates, changes in remediation technology or changes to applicable laws and regulations. The decommissioning liability relates to the Company's Argentinean properties. The decommissioning liability is expected to be settled at various dates which are currently expected to extend up to 2022.

12. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

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

Treasury shares: recorded at cost.

During the period ended June 30, 2018, the Company received proceeds of $1,158,750 from the exercise of 2,575,000 options at a price of $0.45 per option and received proceeds of $3,743,388 from the exercise of 5,338,055 warrants at an average price of $0.70 per warrant.

During the year ended September 30, 2017, the Company received proceeds of $101,250 from the exercise of 225,000 options at a price of $0.45 per option and received proceeds of $270,435 from the exercise of 295,584 warrants at an average price of $0.91 per warrant.

Stock Options

The Company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company and its subsidiaries. The number of common shares subject to the stock options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company. The Plan provides for a maximum term of five years for stock options and sets the most favorable vesting terms as one-third of the total stock options granted on the day of the grant and on each of the first and second anniversaries of the date of grant. As at June 30, 2018, the Company had options outstanding to purchase 3,863,334 common shares, subject to early expiry under certain conditions and subject to specified vesting periods.

Expressed in Canadian Dollars

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

The following table summarized movements in stock options outstanding for the period ended June 30, 2018:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2016	6,618,334	$ 0.78
Options exercised	(225,000)	$ 0.45
Balance, September 30, 2017	6,393,334	$ 0.81
Options granted	100,000	$ 1.84
Options exercised	(2,575,000)	$ 0.45
Options expired/forfeited	(55,000)	$ 0.55
Balance, June 30, 2018	3,863,334	$ 1.36
Number of options currently exercisable	3,263,334	$ 1.36

The following table summarizes information about stock options outstanding at June 30, 2018:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$ 0.45	1,663,334	1,663,334	December 13, 2019*
$ 1.50	2,100,000	1,575,000	September 2, 2021
$ 1.84	100,000	25,000	December 28, 2022
	3,863,334	3,263,334	

*940,000 options were exercised subsequent to period end. See Subsequent Events.

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2016	11,536,790	$ 1.17
Warrants exercised	(295,584)	$ 0.91
Balance, September 30, 2017	11,241,206	$ 1.17
Warrants exercised	(5,338,055)	$ 0.70
Balance, June 30, 2018	5,903,151	$ 1.60

Expressed in Canadian Dollars

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

The following table summarizes information about warrants outstanding at June 30, 2018:

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

*1,354,374 warrants were exercised subsequent to period end. See Subsequent Events

Share-based compensation

The Company recognizes compensation expense for all stock options and warrants granted using the fair value based method of accounting. During the period ended June 30, 2018, the Company recognized $245,054 (2017 - $1,485,141) in share-based compensation expense with respect to options vested during the period.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period ended June 30, 2018:

	2018	2017
Risk-free interest rate	1.86%	-
Expected life of grant	5 years	-
Volatility	164.31%	-
Dividend	0.00%	-
Weighted average fair value per option	$1.82	-

13. RELATED PARTY TRANSACTIONS

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

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Southern Legacy Minerals Inc.	USA	100%	Holding company
Southern Legacy Peru S.A.C.	Peru	100%	Mineral exploration
KoriAnta S.A.C.	Peru	100%	Holding company
SMRL El Sinchao de Cajamara	Peru	83.13%	Holding company
Maria Eugenia 2 Mina Volare de Cajamarca S.A.C.	Peru	93.75%	Holding company
Minas del Sinchao S.A.	Peru	94.50%	Holding company
Rita Margot de Cajamarco S.A.C.	Peru	87.50%	Holding company
Anta Norte S.A.C.	Peru	99.90%	Mineral exploration
Minera Southern Legacy Chile Limitada	Chile	100%	Mineral exploration
Pachamama (Bermuda) Ltd.	Bermuda	100%	Holding company
Argex Mining Samenta Ltd.	Barbados	100%	Holding company
Argex Cerro Gordo Ltd.	Barbados	100%	Holding company
Regulus Argentina S.A.	Argentina	100%	Mineral exploration
Minera El Toro S.A.	Argentina	100%	Mineral exploration

13. RELATED PARTY TRANSACTIONS (cont'd…)

During the period ended June 30, 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 period ended June 30, 2018, DBD Resources was paid $192,462 (2017 - $146,897). Management services paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At June 30, 2018, the Company owed $47,612 (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 June 30, 2018, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $168,404 in consulting fees (2017 – $140,165). Consulting fees 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 $97,281 (2017 - $239,726) 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 June 30, 2018, the Company owed $42,501 (September 30, 2017 - $Nil) to Mr. Pickmann and owed $3,285 (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 June 30, 2018, Unicus was paid $37,500 (2017 – $37,500). Management services paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of operations and comprehensive loss.

   At June 30, 2018, the Company owed $8,750 (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 June 30, 2018, Rock Doctor was paid $192,462 (2017 – $146,897). Amounts paid to Rock Doctor are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At June 30, 2018, the Company owed $43,987 (September 30, 2017 – $Nil) to Rock Doctor.

e) Two non-executive directors were paid $32,105 (2017 - $Nil) for professional services. Amounts paid to non-executive directors are classified as management fees in the interim condensed consolidated statements of operations and comprehensive loss.

   At June 30, 2018, the Company owed $32,990 (September 30, 2017 – $Nil) to non-executive directors.

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.

Expressed in Canadian Dollars

13. RELATED PARTY TRANSACTIONS (cont'd…)

The remuneration of directors and other members of key management personnel during the periods ended June 30, 2018 and 2017 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Nine months ended June 30, 2018			
Chief Executive Officer	$ 192,462	$ 18,872	$ 211,334
Chief Operating Officer	168,404	18,872	187,276
Chief Financial Officer	37,500	18,872	56,372
Chief Geological Officer	192,462	18,872	211,334
Non-executive directors	32,105	37,744	69,849
	$ 622,933	$ 113,232	$ 736,165
Nine months ended June 30, 2017			
Chief Executive Officer	$ 146,897	$ 141,106	$ 288,003
Chief Operating Officer	140,165	141,106	281,271
Chief Financial Officer	37,500	141,106	178,606
Chief Geological Officer	146,897	141,106	288,003
Non-executive directors	-	282,212	282,212
	$ 471,459	$ 846,636	$ 1,318,095

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

There were additional Related Party Transactions after period end. See Subsequent Events.

14. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these interim condensed consolidated financial statements, the significant non-cash transactions for the periods ended June 30, 2018 and 2017 included:

a) $164,997 (2017 - $40,468) in accounts payable and accrued liabilities related to exploration and evaluation assets.

b) $646,840 (2017 - $56,250) transferred to share capital on exercise of 2,575,000 stock options (2017 – 225,000).

For the three months ended June 30	2018	2017
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ -

15. SEGMENTED INFORMATION

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

Expressed in Canadian Dollars

15. SEGMENTED INFORMATION (cont'd…)

		Total Assets		Property, Plant and Equipment		Exploration and Evaluation Assets		Other Assets
June 30, 2018								
Canada	$	1,470,867	$	-	$	-	$	1,470,867
Argentina		859,648		6,627		812,985		40,036
Peru		32,377,076		358,725		31,820,497		197,854
Chile		21,654		-		-		21,654
United States		1,151,005		-		1,151,005		-
	$	35,880,250	$	365,352	$	33,784,487	$	1,730,411

		Total Assets		Property, Plant and Equipment		Exploration and Evaluation Assets		Other Assets
September 30, 2017								
Canada	$	7,254,217	$	-	$	-	$	7,254,217
Argentina		1,187,933		2,809		851,154		333,970
Peru		22,110,974		152,055		21,796,140		162,779
Chile		21,172		-		-		21,172
United States		1,017,561		-		1,017,561		-
	$	31,591,857	$	154,864	$	23,664,855	$	7,772,138

		2018		2017
Loss (income) for the nine months ended June 30				
Canada	$	182,243	$	2,280,458
Bermuda		18,694		26,492
Peru		1,677,963		(284,501)
Chile		98,856		114,071
Argentina		304,882		305,459
	$	2,282,638	$	2,441,979

16. 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 recorded on the interim condensed consolidated statements of financial position. The Company's other financial instruments, cash, and long-term investments, under the fair value hierarchy, are based on level one quoted prices in active markets for identical assets or liabilities.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

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

Credit risk

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

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

The Company's receivables consist mainly of tax credits 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 June 30, 2018, the Company had a cash balance of $427,708 to settle current liabilities of $4,055,723.

Market risk

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

a) Interest rate risk

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

b) Foreign currency risk

   The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in US$, the A-Peso, the Chilean peso ("C-Peso") and the Peruvian nuevo sol ("PEN"). A 10% fluctuation in the US$, A-Peso, C-Peso and PEN against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $314,000.

c) Price risk

   The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds, which approximate the carrying amount of these investments. A 10% fluctuation in market prices would affect comprehensive income (loss) by approximately $80,000.

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.

Expressed in Canadian Dollars

16. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

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.

17. COMMITMENTS

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

		Peru
2018	$	79,816
2019		31,480
	$	111,296

18. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company

a) Received proceeds of $423,000 from the exercise of 940,000 options at a price of $0.45 per option.

b) Received proceeds of $2,166,998 from the exercise of 1,354,374 warrants at a price of $1.60 per warrant.

c) Received loan proceeds of $460,217 (US$350,000) from the CEO of the Company. The loan bears interest of 10% per annum, is unsecured, and is repayable on September 30, 2018.

d) Received loan proceeds of $800,000 from the CFO of the Company. The loan bears interest of 10% per annum, is unsecured, and is repayable on September 30, 2018.

e) Received loan proceeds of $300,000 from the CGO of the Company. The loan bears interest of 10% per annum, is unsecured, and is repayable on September 30, 2018.

f) Entered into an arrangement agreement (the "Arrangement Agreement") to spin out its Argentine assets, including the Rio Grande and Aguas Calientes projects, into a newly formed company, Aldebaran Resources Inc. ("Aldebaran"). Under the terms of the Arrangement Agreement, Aldebaran will enter into a joint venture and option agreement (the "JV Agreement") with Stillwater Canada LLC, an indirect subsidiary of Sibanye Gold Limited, trading as Sibanye-Stillwater ("Sibanye-Stillwater"), to acquire up to an 80% interest in Peregrine Metals Ltd. ("Peregrine"), a wholly-owned subsidiary of Sibanye-Stillwater, that owns the Altar Copper-Gold project in San Juan Province, Argentina ("Altar" or the "Altar Project").

   The proposed spin out of the Company's Argentine assets will be completed pursuant to a plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement") subject to the completion of a minimum US$30 million common share financing in Aldebaran (the "Financing") and the execution of definitive closing documents, including the JV Agreement, on closing of the Arrangement (collectively the "Transaction").

18. SUBSEQUENT EVENTS (cont'd…)

Each shareholder of the Company as of the effective date of the Transaction will receive one share of Aldebaran for every three Company's shares held. Simultaneously, Aldebaran will enter into the JV Agreement, entitling it to earn up to 80% of the Altar Project. The consideration to acquire the Altar Project comprises:

- An upfront cash payment of US$15 million to Sibanye-Stillwater upon the closing of the Arrangement;
- The issuance of 19.9% of the shares of Aldebaran to Sibanye-Stillwater, subject to proration if the financing exceeds US$30 million;
- The commitment of Aldebaran to carry the next US$30 million of expenditures on Altar over five years (inclusive of 2018 drilling that was conducted between February and May of this year) to earn 60% in the Altar Project;
- An option granted to Aldebaran to earn an additional 20% in the Altar Project by spending an additional US$25 million over a three year period following the initial earn-in.

g) Announced a private placement financing to raise not less than $20,140,000 (10,600,000 common shares) at an issue price of $1.90 per share, subject to Exchange approval. A syndicate of agents (the "Agents") will receive a cash commission of 6% of the gross proceeds raised as well as broker warrants which will entitle the Agents to acquire that number of shares which is equal to 6% of the aggregate number of shares sold pursuant to the offering, with each broker warrant to be exercisable to purchase one share at the offering price at any time, on or before the date which is 24 months after the closing. The commission and broker warrants will be reduced for certain investors.