



Regulus Resources Inc.
Annual Information Form

For The Fiscal Year Ended

September 30, 2021

February 23, 2022

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TECHNICAL DISCLOSURE

Regulus Resources Inc. (“**Regulus**” or the “**Company**”) has prepared technical information (the “**Technical Information**”) in this annual information form based on information contained in the technical reports and news releases (collectively, the “**Disclosure Documents**”) available under Regulus’ company profile on the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) at www.sedar.com. Some of the information contained in this annual information form has been updated for events occurring subsequent to the date of the technical reports. Each Disclosure Document was prepared by or under the supervision of a qualified person (a “**Qualified Person**”) as defined in National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The Disclosure Documents are each intended to be read as a whole and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

The scientific and Technical Information contained in this annual information form has been reviewed and approved by Dr. Kevin B. Heather, BSc (Hons), MSc, PhD, FAusIMM, Chief Geological Officer of the Company, who serves as the Company’s Qualified Person (QP) under the definitions of National Instrument 43-101.

GLOSSARY OF TERMS

The following are definitions of certain terms used throughout this AIF.

“**ABCA**” means the *Business Corporations Act* (Alberta) (as amended, including regulations promulgated thereunder);

“**AIF**” means this annual information form;

“**Aldebaran**” means Aldebaran Resources Inc.;

“**Aldebaran Arrangement**” means the October 25, 2018 plan of arrangement between Regulus and Aldebaran wherein Regulus spun-out its Argentina mineral exploration properties to Aldebaran to create a newly listed mineral exploration company;

“**AntaKori**” or the “**AntaKori Project**” means the Company’s flagship mining project in the Hualgayoc District in the Cajamarca Province of Peru;

“**AntaKori Report**” means the independent technical report prepared by Wood in respect of the AntaKori Project dated February 22, 2019;

“**Board**” means the board of directors of the Company;

“**CIM**” means the Canadian Institute of Mining, Metallurgy and Petroleum;

“**Common Shares**” means common shares in the capital of the Company;

“**Company**” or “**Regulus**” means Regulus Resources Inc., a company incorporated under the ABCA;

“**Coimolache**” or “**CMC**” means Compania Minera Coimolache S.A. a Peruvian company with whom Regulus has entered into the Coimolache Agreement with respect to the collaborative exploration of the AntaKori Project;

“**Coimolache Agreement**” means the Agreement between Regulus’ wholly-owned Peruvian subsidiary, Southern Legacy Peru S.A.C. (now Regulus Resources Peru S.A.C) and Coimolache dated January 19, 2017 pertaining to the collaborative exploration of the AntaKori Project;

“**Colquirrumi**” Compania Minera Colquirrumi S.A. a Peruvian company with whom Regulus has entered into the Colquirrumi Agreement with respect to the collaborative exploration of the AntaKori Project;

“**Colquirrumi Agreement**” means the Agreement between Regulus’ wholly owned Peruvian subsidiary, Regulus Resources Peru S.A.C. (previously Southern Legacy Peru S.A.C.) and Colquirrumi dated March 30, 2017 to allow for the collaborative exploration of the AntaKori Project;

“**Gold Fields**” means Gold Fields La Cima S.S., a Peruvian subsidiary of Gold Fields Ltd., with whom Regulus has entered into the Gold Fields Agreement with respect to the collaborative exploration of the AntaKori Project;

“**Gold Fields Agreement**” means the Agreement between Regulus’ wholly-owned Peruvian subsidiary, Centaurus Holding S.A.C. and Gold Fields dated January 19, 2017 pertaining to the collaborative exploration of the Gold Fields mining concessions;

“Golden Brew” means the Golden Brew gold project in Nevada, USA;

“Golden Brew Option Agreement” means the agreement, dated December 19, 2013 and subsequently amended on November 23, 2015, December 16, 2016, January 2, 2018 and November 28, 2018 whereby Regulus could acquire a 50% interest in Golden Brew by spending US\$5,000,000 in exploration expenditures by May 2020. On October 30, 2019, the Company provided notice it was terminating the Golden Brew Option Agreement;

“MOU” means the memorandum of understanding which Regulus has entered into with each of Coimolache and Colquirruri for the development of the AntaKori Project;

“NI 43-101” means National Instrument 43-101 – *“Standards of Disclosure for Mineral Projects”*;

“NI 51-102” means National Instrument 51-102 – *“Continuous Disclosure Obligations”*;

“NSR” means net smelter return;

“Peru” means the Republic of Peru;

“Route One” means certain investment funds managed by Route One Investment Company, L.P.;

“Southern Legacy” means Southern Legacy Minerals Inc., the original holder of the AntaKori Project;

“Stock Option Plan” means the stock option plan of the Company pursuant to which the Company has reserved for issuance a total of a “rolling” 10% of the issued and outstanding Common Shares of the Company;

“Transfer Agent” means Computershare Trust Company of Canada in its capacity as transfer agent and registrar of the Common Shares at its principal office in the City of Calgary, Alberta;

“TSXV” means the TSX Venture Exchange Inc.;

“Warrant” means a Common Share purchase warrant of the Company; and

“Wood” means AMEC Foster Wheeler (Peru) S.A. a Wood company.

GEOLOGICAL TERMS

The following are definitions of certain of the geological terms and references contained in this AIF:

“alteration” means any chemical or mineralogical change in a rock or mineral subsequent to its formation;

“assay” means a chemical test performed on a sample of rock, ores or minerals to determine the amount of valuable metals contained;

“Ag” means silver;

“Au” means gold;

“AuEq” means gold equivalent;

“breccia” means a type of rock composed of angular or rounded clasts in a fine-grained matrix of milled rock-flour or a mineral cement;

“Cu” means copper;

“CuEq” means copper equivalent;

“dyke” means a long and relatively thin body of igneous rock that, while in the molten state, intruded a fissure in older rocks;

“fault” means a break in the Earth’s crust caused by tectonic forces which have moved the rock on one side with respect to the other; faults may extend for many kilometres, or be only a few centimeters in length; similarly, the movement or displacement along the fault may vary widely;

“Fe” means iron;

“g/t” means grams per tonne;

“gossan” the rust-coloured oxidized capping or staining of a mineral deposit, generally formed by the oxidation or alteration of iron sulphides;

“grade” means the amount of a given metal or other element in each tonne of ore, expressed as troy ounces per ton or grams per tonne for precious metals and as a percentage for other metals;

“HQ” means the dimensions of bits, core barrels and drill rods in the H-size and Q-group wireline diamond drilling system having a core diameter of 63.5 millimetres and a hole diameter of 96 millimetres;

“intrusive” means a body of igneous rock formed by the consolidation of magma intruded into other rocks;

“IOCG” means iron-oxide copper-gold;

“ISO” means the International Organization for Standardization;

“mineralization” means a natural aggregate of one or more metallic minerals;

“Mt” means million metric tonnes;

“Mo” means molybdenum;

“NQ” means the dimensions of bits, core barrels and drill rods in the N-size and Q-group wireline diamond drilling system having a core diameter of 47.6 millimetres and a hole diameter of 75.8 millimetres;

“outcrop” means an exposure of rock or mineral deposit that can be seen on surface, i.e., that is not covered by overburden or water;

“Ox” means oxide;

“PIMA” means a field portable infrared spectrometer that can be used for the analysis and identification of minerals;

“porphyry” means any igneous rock in which relatively large, conspicuous crystals (called phenocrysts) are set in a fine-grained groundmass;

“ppm” means parts per million;

“quartz” means a common rock-forming mineral consisting of silicon and oxygen;

“sample” means a small portion of rock or a mineral deposit, taken so that the metal content can be determined by assaying;

“sampling” means selecting a fractional but representative part of a mineral deposit for analysis;

“sedimentary rocks” means secondary rocks formed from material derived from other rocks and laid down. Examples are limestone, shale and sandstone;

“siliceous” means a rock containing an abundance of quartz;

“stockwork” means small veins of mineralization that have so penetrated a rock mass that the whole rock mass can be considered mineralized;

“SX-EW” means solvent extraction/electrowinning;

“trench” means a long, narrow excavation dug through overburden, or blasted out of rock, to expose a vein or ore structure;

“tuff” means rock composed of volcanic ash;

“UTM” means the Universal Transverse Mercator coordinate system, used to identify a specific location on the surface of the earth;

“vein” means a fissure, fault or crack in a rock filled by minerals, most commonly quartz and associated sulphides; and

“volcanic rocks” means igneous rocks formed from magma that has flowed out on the Earth’s surface or has been violently ejected from a volcano.

NI 43-101 DEFINITIONS

A **“Mineral Resource”** is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

The terms “Mineral Resource”, “Measured Mineral Resource”, “Indicated Mineral Resource” and “Inferred Mineral Resource” used in this AIF are Canadian mining terms as defined in accordance with NI 43-101 under the guidelines set out in the CIM Definition Standards adopted by CIM Council on May 10, 2014.

“Measured Mineral Resource” refers to that part of a Mineral Resource for which quantity grade or quality, densities, shape and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

“Indicated Mineral Resource” refers to that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

“Inferred Mineral Resource” refers to that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

“Modifying Factors” are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

“Mineral Reserve” refers to the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

“Proven Mineral Reserve” means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

“Probable Mineral Reserve” means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF, constitute forward-looking statements. These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Actual operational and financial results may differ materially from Regulus’ expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Company.

Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements in this AIF include, but are not limited to, statements with respect to:

- the accuracy of geological interpretations and studies on the Company’s properties;
- the impact of the novel coronavirus (“**COVID-19**”) pandemic on the Canadian and worldwide economy, the Company’s workforce, access to the communities and projects, world wide demand for commodities and the Company’s business generally;
- the ability of the Company to successfully continue its exploration activities in respect of its properties and prospects;
- anticipated tonnages and grades of the Mineral Resources disclosed for the Company’s AntaKori Project;
- changes in significant capital expenditures;
- delays in production starting up due to an industry shortage of skilled manpower, equipment or materials;
- the cost of inflation;
- the performance characteristics of the Company’s mining properties;
- capital expenditure programs;
- supply and demand for commodities and commodity prices;
- expectations regarding the continuity of mineral deposits;
- expectations regarding environmental or social issues that may affect the exploration or development progress;
- exploration activities and/or plans on the Company’s exploration properties;
- expectations regarding the Company’s ability to raise capital and to continually add to resources through acquisitions, exploration and development;
- treatment under governmental regulatory regimes and tax laws;
- realization of the anticipated benefits of acquisitions and dispositions;

- adverse technical factors associated with exploration, development, production or transportation of Mineral Reserves; and
- changes or disruptions in the social, political or fiscal regimes in the Company's areas of activity.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements contained in this AIF include, but are not limited to:

- nationalization or expropriation risks;
- changes in laws and regulation;
- civil unrest;
- labour unrest;
- the impact of COVID-19 on the Company's operations, personnel, ability to finance and outlook;
- reserve and resource estimates;
- the rights to mining or mineral claims or licenses;
- the cost and availability of labour;
- the availability and cost of material and supplies;
- uncertainties over interpretation of drill results and continuity of mineral deposits;
- general economic conditions in Canada, the United States, South America and globally;
- general economic stability of the Company's financial backers and creditors;
- industry conditions, including fluctuations in the price of copper, gold, silver, base metal and other commodities;
- governmental regulation of the mining industry, including environmental regulation;
- fluctuation in foreign exchange or interest rates;
- risks inherent in mining operations;
- climate change;
- geological, technical, drilling and processing problems;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisitions of reserves, undeveloped land and skilled personnel;
- incorrect assessments of the value of acquisitions;
- risks associated with failure to maintain community acceptance, agreements and permissions (generally referred to as "social licence");
- risks relating to obtaining and maintaining all necessary government permits, approvals and authorizations relating to the continued exploration and development of the Company's projects;
- the need to obtain required approvals from regulatory authorities; and
- the other factors considered under "*Risk Factors*".

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that some or all of the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this AIF are expressly qualified by this cautionary statement.

The Company believes that the expectations reflected in the forward-looking statements contained in this AIF are reasonable but no assurance can be given that these expectations will prove to be correct, and investors should not attribute undue certainty to, or place undue reliance on, such forward-looking statements. Such statements speak only as of the date of this AIF. If circumstances or management's beliefs, expectations or opinions should change, the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by securities law. Please consult the Company's SEDAR profile at www.sedar.com for further, more detailed information concerning these matters.

CURRENCY AND EXCHANGE RATES

In this document, funds are quoted in both Canadian dollars and United States dollars. In particular, financial information respecting the Company is referenced in Canadian dollars, while all monetary references in the technical reports on the Company's principal properties are quoted in United States dollars. Accordingly, throughout this document, references to "US\$" are to United States dollars and references to "\$" are to Canadian dollars. As of February 22, 2022, the Bank of Canada noon buying rate for the purchase of one US\$ using Cdn\$ was \$1.2743. The Bank of Canada noon buying rates for the purchase of one United States dollar using Canadian dollars were as follows during the indicated periods:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
End of period	1.2741	1.3123	1.2988
High for the period	1.3349	1.4496	1.3600
Low for the period	1.2040	1.2970	1.2988
Average for the period	1.2642	1.3454	1.3269

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

To Convert From	To	Multiply By
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares ("ha")	0.405
Hectares	Acres	2.471
Grams	Ounces (troy)	0.032
Ounces (troy)	Grams	31.103
Tonnes	Short tons	1.102
Short tons	Tonnes	0.907
Grams per tonne	Ounces (troy) per ton	0.029
Ounces (troy) per ton	Grams per tonne	34.438

GENERAL MATTERS

The website of Regulus is located at www.regulusresources.com. The contents of this website are expressly not incorporated by reference into this document. As well, references in this document to research reports or to articles

and publications should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is expressly not incorporated by reference into this document.

REGULUS RESOURCES INC.

General

Regulus was formed on December 16, 2010 in connection with the sale of Antares Minerals Inc. (“**Antares**”) to First Quantum Minerals Ltd. (“**First Quantum**”) pursuant to a plan of arrangement (the “**Antares Arrangement**”). As part of this transaction, Regulus acquired a 50% interest in the Rio Grande copper-gold porphyry project in Salta Province, Argentina from Antares. In conjunction with the Antares Arrangement, Regulus issued 0.4505 of a Common Share to each holder of an Antares common share, representing 90.1% of its outstanding Common Shares at that time, and the remaining 9.9% of the outstanding Common Shares were issued to First Quantum.

Regulus’ Common Shares commenced trading on the TSX Venture Exchange in Canada on December 20, 2010 under the trading symbol “REG”. On October 1, 2012, Regulus amalgamated with Pachamama Resources Ltd. pursuant to a plan of arrangement. On September 30, 2014, Regulus amalgamated with Southern Legacy pursuant to a plan of arrangement. In each case, the resulting company retained the name Regulus Resources Inc.

On October 25, 2018 Regulus completed the Aldebaran Arrangement with its then wholly owned subsidiary, Aldebaran Resources Inc. to spin-out Regulus’ Argentina mineral exploration properties to Aldebaran.

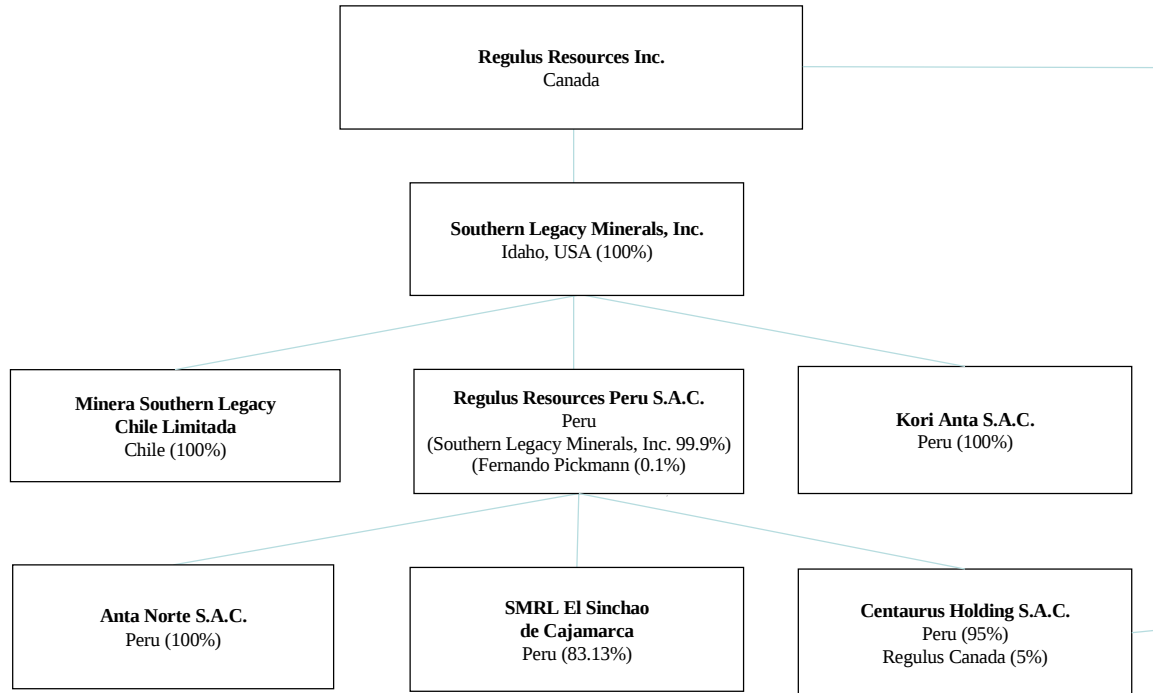
Regulus is currently engaged in the exploration for copper and gold on its flagship AntaKori Project in Peru.

The Company’s registered office is located at 1500, 850- 2nd Street Avenue SW, Calgary, Alberta T2P 0R8 and its head office is located at 200 Granville Street, Suite 2710, Vancouver, BC V6C 1S4.

The Common Shares of the Company are presently listed and posted for trading on the TSXV under the trading symbol “REG”, the Lima stock exchange (the Bolsa de Valores de Lima) under the trading symbol “REG” and on the OTCQX® Best Market in the United States, under the symbol “RGLSF”.

Intercorporate Relationships

The following table sets out the name and jurisdiction of incorporation of the Company's principle subsidiaries and the Company's ownership interests therein as of February 23, 2022:



Notes:

- (1) Regulus Resources Peru S.A.C. ("**Regulus Peru**") is owned as to 99.9% by Southern Legacy Minerals, Inc. and as to 0.1% by Fernando Pickmann.
- (2) Previously named "Southern Legacy Peru S.A.C."
- (3) Minera Southern Legacy Chile Limitada is owned as to 99% by Southern Legacy Minerals, Inc. and as to 1% by Fernando Pickmann.
- (4) Centaurus Holding S.A.C., holder of the Gold Fields Agreement is owned as to 95% by Regulus Peru and as to 5% by Regulus.

Unless the context otherwise requires, reference in this AIF to "**Regulus**" or the "**Company**" includes the Company and its subsidiaries as of the date hereof.

BUSINESS OF THE COMPANY

Regulus is a mineral exploration company focused on properties in Latin America and North America that can be quickly and cost-effectively advanced to the drilling and discovery stage.

The Company's properties and projects consist of mineral rights and applications for mineral rights in one Peruvian province and one Canadian province. The Company's flagship AntaKori Cu-Au-Ag project in Peru has a reported NI 43-101 compliant Mineral Resource as summarized under the heading "*Mineral Project Information – Mineral*

Resource Statement". The remaining property is an early stage exploration prospect and no Mineral Resources have yet been identified.

Principal Properties

The Company owns, or has the right to acquire an interest in the following properties:

Table 1: Regulus Properties

Property	Location	Ownership	Hectares
AntaKori	Cajamarca Department, Peru	100%	438
Fireweed	British Columbia, Canada	100%	2,411
Total			2,849

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Year Ended September 30, 2019

The Aldebaran Arrangement was completed on October 25, 2018 and final approval for the Aldebaran Arrangement and the listing of the common shares of Aldebaran was received from the TSXV on November 2, 2018.

The Company's Phase I drilling program at AntaKori (20,332 m through to hole AK-18-027) was completed by October 2018. Upon conclusion of the Phase I drilling program, the Company entered directly into the Phase II drilling program with seven additional holes completed to September 30, 2019 (6,547.55 m from AK-18-028 to AK-18-034). The results of the 2018 and 2019 drill programs are summarized in the Material Change reports and news releases of the Company filed on SEDAR.

On March 1, 2019, the Company announced the completion of the AntaKori Report which contained an updated Mineral Resource estimate on the AntaKori Project. The AntaKori Report was prepared by Wood (formerly AMEC Foster Wheeler) and was filed on SEDAR on April 15, 2019. This is the first Mineral Resource estimate prepared for Regulus at the project and supersedes a previous estimate prepared for Southern Legacy Minerals Inc. The AntaKori Report relies on new data from drilling completed by Regulus through November 2018 and drilling data provided through the Coimolache Agreement.

On October 30, 2019, the Company terminated its option agreement on the Golden Brew property and returned the project to Highway 50 Gold Corp.

Year Ended September 30, 2020

The remaining 2019 portion of the Company's Phase II drilling program at AntaKori (16,368.94 m through to hole AK-18-043) was completed and results from all holes were announced by January 2020. The results of the 2019 drill programs are summarized in the Material Change reports and news releases of the Company filed on SEDAR. These holes are part of the Phase II drilling program projected to consist of approximately 25,000 m of drilling that the Company anticipated commencing in the Fall of 2020.

In November 2019, the Company received the Declaración de Impacto Ambiental permit which allows up to 40 drill pads for the Anta Norte portion of the AntaKori Project.

On December 20, 2019, 4,217,452 Warrants with an exercise price of \$1.60 and an original expiry date of January 27, 2020, were extended with a new expiry date of January 27, 2021.

On December 27, 2019, the Company closed a bought deal shelf prospectus offering of 7,783,875 units of the Company, each comprising one Common Share and one-half of one Warrant, at a price of \$1.06 per unit, for aggregate gross proceeds of approximately \$8,250,908. Pursuant to a concurrent non-brokered private placement, 3,066,375 units were sold to certain funds managed by Route One, the Company's largest shareholder, at the offering price, for additional aggregate gross proceeds of approximately \$3,250,358. Together with the public offering, the Company raised total gross proceeds of approximately \$11,501,266.

On February 2020, the Company received regulatory approval to commence drilling at Anta Norte, however the onset of the COVID 19 Pandemic shortly thereafter delayed the initiation of drilling.

On March 15, 2020, the Peruvian government declared a national state of emergency due to COVID-19, and Regulus employees remained at home under mandatory social isolation. Company employees of the Cajamarca office and core storage facility returned to work in late July, under strict COVID-19 rules and protocols, to prepare for the resumption of the Phase II drilling program at AntaKori.

On June 29, 2020, the Company announced that incentive stock options were granted to directors, officer, employees and consultants to purchase up to 1,900,000 Common Shares at a price of \$0.86 per share for five years, pursuant to its Stock Option Plan.

On September 3, 2020, the Company announced that its Common Shares had commenced trading on the OTCQX Best Market under the symbol "RGLSF".

Year Ended September 30, 2021

On October 1, 2020, the Company announced that they entered into a strategic partnership with Osisko Gold Royalties Ltd ("Osisko") whereby the Company agreed to grant certain rights to Osisko in exchange for an upfront cash payment of US\$12.5 million. The details of the partnership are summarized in the news release of the Company filed on SEDAR. On December 2, 2020, the Company announced the closing of the strategic partnership with Osisko.

On October 15, 2020, the Company announced the recommencement of drilling at the AntaKori copper-gold project located in Cajamarca, Peru.

On October 19, 2020, the Company announced that Anna Tudela was appointed to the Board of Directors. The Company granted Ms. Tudela options to purchase an aggregate of 200,000 Common Shares at a price of \$1.49 per share for a period of up to five years in accordance with the Company's Stock Option Plan.

On November 23, 2020, the Company announced the suspension of drilling activities at the Anta Norte portion of the AntaKori Project due to certain community concerns regarding potential environmental impact, political uncertainty in Peru and upcoming elections. The Company suspended drilling activity to focus on communication with all interested parties.

On January 4, 2021, the Company announced that it was extending the expiry date of 4,217,452 Warrants that were issued pursuant to the Company's July 27, 2016 private placement. The Warrants are exercisable into Common Shares of the Company at an exercise price of \$1.60 per Common Share. These Warrants subsequently expired on July 27, 2021.

On January 7, 2021, the Company announced results of its drill program at the Anta Norte area of the AntaKori copper-gold project in Northern Peru. The Company completed 2 holes for a total 1,654.8 m to test various geophysical and geological targets and expand the existing footprint of mineralization of the AntaKori deposit. These holes bring the total to 3669.7 m of drilling has been completed to date as part of the Colquirrumi Agreement.

On February 16, 2021, the Company announced it entered into an option agreement with Gold Fields La Cima S.A. (“**Gold Fields**”) whereby the Company can earn up to a 60% interest in certain mineral claims adjoining its AntaKori Project from Gold Fields. The details of the option agreement are summarized in the news release of the Company filed on SEDAR.

On March 29, 2021, the Company announced that following the temporary suspension of drilling on the Anta Norte target area of the project, the Company has been executing a work program to advance the AntaKori Project that includes metallurgical test work, incorporation of new drilling into updated geologic and resource models, and field programs to complete geological mapping and sampling. The Company also announced that it was working with the neighbouring Tantahuatay Mine to plan the re-initiation of drilling on the principal portion of the AntaKori Project, utilizing the mine’s drill permits where the Company has access due to collaborative agreements in place (See May 18, 2016 press release).

On April 13, 2021, the Company announced that Michael McClelland was appointed to the Board of Directors and as Chair of the Audit Committee. Concurrently, Jason Attew stepped down as a director. The Company granted Mr. McClelland options to purchase an aggregate of 200,000 Common Shares at a price of \$0.89 per share for a period of up to five years in accordance with the Company’s Stock Option Plan.

Recent Developments

On December 6, 2021, the Company announced it has restarted drilling activity at the Anta Norte target area of the project, with one drill rig currently on site and plans for a second rig to be added in January 2022. Exploration activities will continue to focus on the AntaKori project in 2022, with the bulk of the work being conducted on the Anta Norte claims. There is currently one rig drilling on the property with a second rig scheduled to be added in calendar Q1-2022. The objective of the initial hole is to test for extensions and additional information on the geometry of the high-grade breccia-style mineralization discovered in hole AK-18-26, which returned 473.20 m of 1.39% CuEq hosted in a breccia unit that is open in multiple directions (see news release dated January 30, 2019). The Company plans to complete the Phase II drilling program in 2022 which will entail approximately 7,000-10,000 m of additional drilling in 6 to 10 drill holes. The Phase II drilling program was originally designed to consist of approximately 25-30,000 m of additional drilling that would form the basis for an updated mineral resource estimate and complete initial scout holes to test targets to the north. A total of 18,023 m of drilling have been completed to date as part of the Phase II drilling program; of which 14,162 m were completed on Regulus claims, 3,669 m on the Colquirrumi joint venture claims and 191 m on Coimolache claims. Given the current focus on exploring the Anta Norte claims and uncertainties due to the COVID-19 pandemic and social/political conditions, the Company is unable to provide a reliable timeline for the completion of an updated resource estimate at AntaKori. In addition, the Company had also selected 50 samples for metallurgical analysis that have been sent to local laboratories in Peru. It is anticipated that the Company will receive results on metallurgical test work and a final report by H1-2022. These results have been delayed due to ongoing COVID-19 issues in the lab that is doing the test work. Based upon the results from the metallurgical work, the Company will be able to begin developing a preliminary processing flow-sheet and design future test work for the AntaKori project.

In early January 2022, a group of political/social activists announced they would begin protests to demand that the Peruvian government address a series of issues regarding public works and programs to improve health and environmental conditions in the region. As part of this movement, the group would stage protests against our drilling

activities in the Anta Norte portion of the AntaKori project with a demand that the project stop activity as part of an overall anti-mining initiative to deter mining in headwaters throughout Peru. A protest occurred on January 17, 2022, in close proximity to the Anta Norte claims. Most of the protestors were from areas well away from our project area and turnout was much lower than the protestors had expected. This protest led to meetings in Lima between the protestors and high-level government representatives and plans were established to address the protestors concerns, including a visit to site by a committee from the Ministry of Energy and Mines to hear the protestors concerns. This meeting was held peacefully on January 25th at the project site with a large turnout from protestors and also a good turnout from local people who were there to support our project. The officials confirmed that we have a valid license to continue our exploration program and were not intending to stop us from proceeding. They also agreed to continue to discuss environmental and social issues related to mining in general with members of the protest group. The timing and outcome of these meetings is uncertain. The Company was able to continue drilling during this protest period and afterwards and currently believes that it will be able to continue our exploration program at Anta Norte as planned.

On December 24, 2021, the Exchange approved an extension to the term of 5,425,125 common share purchase warrants that were issued pursuant to the Company's December 27, 2019 unit offerings. The warrants will remain exercisable into common shares of the Company at an exercise price of \$1.70 per common share for an additional twelve months to December 27, 2022.

Other Aspects of the Business

Employees

Regulus currently has 4 full time consultants based in North America, 2 full time consultants based in South America, one full time consultant based in Europe, and 57 employees based in South America.

Competitive Conditions

The base and precious metal mineral exploration and mining business is a highly competitive business. Regulus competes with numerous other companies and individuals in the search for, and the acquisition of, attractive base and precious metal mineral properties. The ability of Regulus to replace or increase its estimated Mineral Resources in the future will depend not only on its ability to develop its present properties and projects, but also on its ability to select and acquire suitable prospects for base and precious metal development or mineral exploration.

Environmental Protection

Regulus' exploration activities, mining and processing operations are subject to the federal, state, provincial, regional and local environmental laws and regulations in the jurisdictions in which Regulus' operations are located, namely Peru and Canada.

In all jurisdictions in which Regulus operates, environmental licenses, permits and other regulatory approvals are required in order to engage in exploration, mining and processing. Regulatory approval of a detailed plan of operations and a comprehensive environmental input assessment is required prior to initiating mining or processing activities or for any substantive change to previously approved plans. In all jurisdictions in which Regulus operates, specific statutory and regulatory requirements and standards must be met throughout the life of the mining or processing operations in regards to air quality, water quality, fisheries and wildlife protection, archaeological and cultural resources, solid and hazardous waste management and disposal, the management and transportation of hazardous chemicals, toxic substances, noise, community right-to-know, land use and reclamation. Except as may be otherwise disclosed herein, Regulus is currently in compliance in all material respects with all material applicable environmental

laws and regulations and the Board reviews the relevant documents and procedures on a regular basis to ensure all regulations and laws are being adhered to.

Specialized Skill and Knowledge

Mining and mineral exploration companies in Canada must follow specific guidelines for disclosure, designed to improve the accuracy and integrity of the information they provide. NI 43-101 governs a company's public disclosure of scientific and Technical Information about its mineral projects. The disclosure must be based on information provided by a "Qualified Person" (as defined in NI 43-101). A "Qualified Person" under NI 43-101 is an individual who: (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (b) has at least five years of experience in mineral exploration, mine development or operation, or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) has experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and (ii) requires A. a favourable confidential peer evaluation of the individual's character, professional judgement, experience, and ethical fitness; or B. a recommendation for membership by at least two peers, and demonstrated prominence or expertise in the field of mineral exploration or mining. Dr. Kevin B. Heather, BSc (Hons), MSc, PhD, FAusIMM, Chief Geological Officer (CGO) of the Company, is the Qualified Person as defined under NI 43-101 who supervised the preparation of and verified the Technical Information contained in this AIF.

Social or Environmental Policies

Regulus continues to be committed to the highest standards of occupational health and safety in all of its activities. Regulus' health and safety policies are based on its commitment to provide an incident-free and illness-free workplace supported by ongoing monitoring of its safety practices and performance. All activities carried out by Regulus' employees and contractors are carried out under the following guiding principles, which aim to integrate safety into all aspects of work by providing appropriate communication, training and equipment for individuals to work safely and responsibly at all times; by incorporating health and safety into planning activities; by continued development, review and improvement of best working practices; by continuous compliance with all applicable laws, regulations and standards; by developing processes to identify and control hazards in the workplace; by setting objectives in health and safety performance; and by committing appropriate resources to health and safety programs.

Regulus believes that individuals are responsible and accountable for upholding these principles which are designed to avoid injury and illness. Individuals are encouraged to identify and report any unsafe work conditions. Regulus continues to strive to communicate openly on occupational health and safety matters with its employees and contractors, as well as with industry peers, governments and the communities in which Regulus operates.

Regulus is committed to the highest standards of environmental care and social responsibility in conducting its business and operations as an international resource company. Regulus' environmental and sustainability policies are designed for continuous improvement in performance by incorporating ongoing developments in environmental knowledge, evolving global practices and local community expectations. Regulus' environmental and sustainability principles include establishing operating standards that comply with or surpass all applicable laws, regulations and standards; respecting the rights of employees and the communities in which Regulus operates; developing and committing appropriate resources to reclamation plans for all of Regulus' activities, from exploration to mine closure; executing concurrent reclamation where possible in order to return the site to its natural state as quickly as feasibly possible; communicating environmental responsibilities to suppliers of goods and services to Regulus; seeking to provide employment and business opportunities for local communities covering Regulus' existing operations and new

projects; ensuring that systems are maintained to identify, control and monitor environmental risks arising from all activities, with the aim of reducing environmental impact prior to occurrence and correcting/resolving as soon as feasible any unforeseen environmental impacts; conducting research and developing programs to protect the environment by conserving resources, minimizing waste and improving processes; and providing meaningful benefits to communities in which the Company operates by supporting sustainable initiatives that develop local social and economic priorities.

Regulus believes that individuals can demonstrate leadership and commitment to continuous improvement in both environmental protection and community relationships. Regulus strives to communicate openly on environmental and community matters with the individuals, industry peers, governments and communities in which Regulus operates.

MINERAL PROJECT INFORMATION

AntaKori Project



The following description is reproduced from the summary section of the AntaKori Report (other than certain definition changes and updates to conform to the language of this AIF). The full AntaKori Report is available on the Company's SEDAR profile at www.sedar.com and is incorporated by reference into this AIF in its entirety.

SUMMARY

Introduction

Wood prepared the AntaKori Report on the AntaKori Project, in Cajamarca Province, Peru for the Company. The below summary is derived from the AntaKori Report.

Regulus has four indirectly owned subsidiaries that hold interests in the Project, including Regulus Peru, Anta Norte S.A.C., Kori Anta S.A.C., and SMRL El Sinchao de Cajamarca. Unless directly identified, for the purposes of this disclosure below, the name Regulus is used interchangeably for the subsidiaries and parent company.

Terms of Reference

The AntaKori Report supports the disclosure of Mineral Resources for the AntaKori Project in the Regulus news release of March 1, 2019, entitled “Regulus Reports Substantial Increase in Resource Estimate at AntaKori Copper-Gold Project, Peru”.

All measurement units used in the AntaKori Report are metric unless otherwise noted. Currency is expressed in United States (US) dollars (US\$). The Peruvian currency is the nuevo sol. The Report uses US English.

Mineral Resources and Mineral Reserves are reported in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Mineral Reserves (May 2014; the 2014 CIM Definition Standards) and the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (November 2003; 2003 CIM Best Practice Guidelines).

Project Setting

The AntaKori Project is situated 620 km north–northwest of Lima, the capital of the Republic of Peru, and 53 km north–northwest of the city of Cajamarca. Access to the AntaKori Project from Cajamarca is by National Route PE-3N which is a paved road with some short unsurfaced segments, a trip of about 90 km that takes approximately two hours. Cajamarca has a commercial airport and is served by several flights a day from Lima. The nearest port is Salaverry, close to the city of Trujillo, 316 km by paved road from Cajamarca. This port is used to ship concentrates from the Cerro Corona copper–gold mine located 6 km southeast of the AntaKori Project.

The main precipitation is between October and May, with March being the wettest month with an average of 190 mm. Average annual precipitation is 1,130 mm and varies from 765 mm to 1,400 mm. The average annual maximum temperature is 8.9°C and the minimum is 3.6°C, with little monthly variation. Adjacent mining operations are conducted year-round, and it is expected that any operation conducted by Regulus would also be year-round.

The AntaKori Project is located in the mountains of the Western Cordillera at an altitude of 3,725–4,000 m above mean sea level. The geomorphology of the AntaKori Project is dominated by glacial landforms. It lies on the continental divide which forms the ridge between the valley of the Colorado River, a tributary of the Chancay River that drains west to the Pacific, and the Tingo River, a tributary of the Amazon River that drains east to the Atlantic.

The vegetation belongs to the high altitude (Puna) grassland zone.

Ownership, Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

Ownership

Regulus has four subsidiary companies in Peru:

- Regulus Peru which is the operating company of the AntaKori Project and a concession owner. Some of the AntaKori concessions owned by Regulus Peru have been assigned to CMC by means of the Coimolache Agreement;
- Anta Norte S.A.C. (“**Anta Norte**”) which is owned by Regulus Peru. It is the title holder of several concessions assigned by Regulus Peru, and is the title holder of the Colquirrumi concessions which were assigned by Colquirrumi by means of the Colquirrumi Agreement;
- Kori Anta S.A.C. (“**Kori Anta**”); holder of the Tres Mosqueteros concession; and
- SMRL El Sinchao de Cajamarca (“**SMRL El Sinchao**”) which is a concession holder and is in the process of being converted to a Sociedad Anónima (S.A.). Regulus Peru, by means of arbitral resolution, controls 68.259% of SMRL El Sinchao, which was obtained by the exercise of usufruct and purchase option agreements and is in the process of formalising the definitive ownership title. Regulus Peru has also made usufruct and option agreements for an additional 14.87% of SMRL El Sinchao, which have been recorded in the public registries, giving SLP ownership of a total of 83.13% of SMRL El Sinchao. The balance of SMRL El Sinchao is owned by members of the Santolalla family.

Agreements

Regulus has two agreements in place with two subsidiaries of Compañía de Minas Buenaventura S.A.A. (“**Buenaventura**”), Coimolache and Colquirrumi. The Coimolache Agreement is with CMC, the owner and operator of the adjoining Tantahuatay Mine, and the Colquirrumi Agreement is with Colquirrumi, which is a 100% Buenaventura subsidiary.

The intent of the Coimolache Agreement is to share access and enable coordinated exploration and mining of the mining concessions of Regulus and CMC around the AntaKori Project, while each company maintains ownership of its own mining concessions. It is a collaboration agreement rather than a joint venture or option. This was done by creating an AOI consisting of Regulus mining concessions and adjoining CMC mining concessions within a distance of 500 m of the Regulus mining concessions. Within the AOI both parties benefit from mutual access, mutual rights of expansion, collaborative exploration and data sharing.

The principal objective of the Coimolache Agreement is to enable Regulus to determine the full size and nature of the AntaKori deposit, and to be able to construct a conceptual open pit shell over the entire deposit, while reporting only that portion of the Mineral Resource estimate that lies within Regulus’ own mining concessions.

The agreement defines two areas for the purposes of permitting, exploration and development. Sub-Area 1 includes seven Regulus mining concessions close to the Tantahuatay Mine and the CMC portion of the AOI. The Regulus mining concessions were assigned to CMC for five years to enable drilling to be performed under existing CMC permits. CMC is the operator for exploration within Sub-Area 1, with input and guidance from Regulus for the exploration on Regulus concessions. Sub-Area 2 consists of nine other Regulus mining concessions at AntaKori in which Regulus will manage exploration.

The Coimolache Agreement and related assignments may be extended by mutual agreement. The agreement contemplates an exploration phase and two mining phases for oxides and sulphides. CMC is the operator of the oxide mining operation and has extended the Tantahuatay open pit onto the Regulus mining concession, subject to a 5%

NSR payable to Regulus. Either company can elect to develop and mine the sulphides by assuming all costs for development, mining and closure as well as paying a 5% NSR royalty to the non-operating party. The parties may also elect to form a joint venture or to simply allow the Coimolache Agreement to terminate after five years.

The Colquirrumi Agreement is an option whereby Regulus can earn a 70% interest in a large block of mining concessions on the north side of AntaKori from a subsidiary of Buenaventura by drilling 7,500 m. The agreement is for three years and may be extended for up to three years. The Colquirrumi mining concessions have been assigned to Anta Norte, which is owned by Regulus, for the duration of the agreement. Once Regulus has earned its interest, the ownership of Anta Norte will become 70% Regulus and 30% Colquirrumi. Anta Norte will function as a joint venture with each party responsible for its corresponding percentage of future investment and the party with majority interest acting as operator. Colquirrumi then has a one-time option to buy back 40% by paying \$9 million to Regulus. If Colquirrumi exercises this option the ownership of Anta Norte would become 30% Regulus, and 70% Colquirrumi.

Mineral Tenure

The tenure holdings are split, for ease of discussion, into the AntaKori concessions and the Colquirrumi concessions,:

- AntaKori concessions: 20 metallic mining concessions granted between 1907 and 2008. The effective area of the 20 concessions is about 438 ha (total area around 1,460 ha). The effective area of the 18 concessions which constitute the AntaKori Project is approximately 219 ha. The remaining two concessions are located on the east side of the Colquirrumi concessions. Seven of the Regulus concessions with an effective area of about 52 ha were assigned by Regulus Peru to CMC by means of the subscription of the Coimolache Collaborative Agreement. These are defined as Sub-Area 1, together with the Coimolache AOI. Another nine Regulus concessions (effective area approximately 159 ha) are defined as Sub-Area 2. Four Regulus concessions are not in either sub-area. The Coimolache AOI is part of the Acumulación Tantahuatay concession owned by CMC, and is an area surrounding the Regulus concessions in which the two companies have agreed to collaborate for exploration and mining.
- Colquirrumi concessions: 23 metallic mining concessions granted between 1937 and 2000. Regulus acquired rights to those concessions through an Assignment Agreement between Colquirrumi and Anta Norte that is part of the Colquirrumi Earn-In Agreement. These concessions comprise the Colquirrumi concession area.

All of the concessions are currently in good standing. The mining concessions will remain valid as long as the companies pay the annual concession tax and, if applicable, the penalty or make the minimum annual investment for each concession but must achieve minimum annual production by Year 30 (counted from 2008 for concessions granted before 2008) or the concessions will expire.

All of the concessions are currently in good standing. The mining concessions will remain valid as long as the companies pay the annual concession tax and, if applicable, the penalty or make the minimum annual investment for each concession but must achieve minimum annual production by Year 30 (counted from 2008 for concessions granted before 2008) or the concessions will expire.

Surface Rights

Most of the surface rights in Sub-Area 1 in the southern part of the AntaKori concessions area are owned by CMC which permitted access for the 2017–2018 drill program as part of the Coimolache Collaboration Agreement. Regulus purchased surface rights for two properties in the northern part of the AntaKori Project and is negotiating purchase of other properties.

Water Rights

Regulus currently has no water rights in the AntaKori Project area. Water for the 2017–2018 drill program was supplied by CMC as part of the Coimolache Agreement.

Mining Taxes and Royalties

Three types of mining taxes will be levied by the Peruvian government on production:

- Mining royalties (regalía minera): calculated on the value of concentrates or their equivalent on the following scale:
 - Up to US\$60 million annually: 1.0%
 - Between US\$60 million and US\$120 million annually: 2.0%
 - Above US\$120 million annually: 3.0%
- Special mining tax on windfall profits. Has 17 operational margin brackets with payments ranging from 2.00–8.40%; and
- Special mining contribution or levy (GEM): applicable to companies that have stability contracts with the State. The levy is applied to operating margins on a scale of 4.0–13.1%.

Certain of the Regulus mining concessions within the AntaKori concessions area are subject to NSRs ranging from 0.1875% – 2% payable to certain of the previous owners of the concessions. In addition, a 5% NSR is payable by CMC to Regulus Peru under the Coimolache Agreement. This NSR includes any underlying NSR royalties, so that the maximum NSR payable is 5%. There are no underlying NSR royalties on the Colquirrumi concessions.

Environmental, Permitting and Social Considerations

There is an expectation of environmental liabilities associated with historical mining and exploration activity. According to Resolution N° 010-2019-MEM/DM, the Ministry of Energy and Mines has approved an Inventory of Mining Environmental Liabilities, in which environmental liabilities have been identified in certain mining concessions held by Regulus. According to Law No. 28271, responsibility for the remediation of environmental liabilities lies with the person or company that generated the liability. In the case of historical liabilities where the generator is not known, the Government of Peru assumes responsibility.

The 2017–2019 Regulus drilling program was performed in the southern part of the AntaKori Project under CMC's permits.

An Environmental Impact Declaration (DIA, Declaración de Impacto Ambiental) must be presented for Category 1 exploration activities which have a maximum of 40 drilling platforms or disturbance of surface areas as large as 10 ha.

The drill program outlined below is planned to be conducted under a combination of existing CMC–Tantahuatay drill permits, and a DIA permit obtained by Regulus to allow drilling to extend to the north on both the AntaKori and Colquirrumi concessions. The DIA Permit was approved in November, 2019 with Initiation of Activities approval in February of 2020. Initiation of drilling was delayed due to COVID 19 restrictions until October 2020. In November 2020 drilling was temporarily suspended due to certain community concerns regarding potential environmental impact, political uncertainty in Peru and upcoming elections. The Company suspended drilling activity to focus on communication with all interested parties.

Regulus has a full-time community relations group of six persons and additional consultants based in Cajamarca and dedicated to community outreach programs for the AntaKori and Colquirrumi concessions.

Geology and Mineralization

AntaKori is considered to be a copper-gold skarn-porphyry-epithermal deposit.

The AntaKori Project is located in the copper-gold porphyry and epithermal belt in the Western Cordillera of northern Peru, within the Hualgayoc mining district. The Cretaceous Chulec, Inca and Farrat Formations are the basal units, and consist of marls, limestones, arkoses, sandstones, and siltstones. The Cretaceous-aged rocks are unconformably overlain and crosscut by Middle Miocene-aged, intermediate to felsic volcanic and subvolcanic rocks of the Calipuy Formation in the Tantauhuatay volcanic center.

The district-scale structural controls of the Hualgayoc district are west-northwest-trending, left-lateral, Riedel shear systems in the Cajamarca Deflection, and the northeast-trending, trans-arc, Chicama-Yanacocha structural corridor. The regional 1:100,000 scale Geological Map of Peru shows the AntaKori Project to be located on the southern limb of a northwest-trending open anticline.

Alteration types recognized in the district include sericite-chlorite, potassic, propylitic, advanced argillic, silicification, vuggy silica, hydrothermal metasomatism (skarn), and thermal metamorphism.

Several overprinting mineralization-alteration events can be documented at the AntaKori Project:

- a copper-gold-silver calcic skarn developed in Cretaceous sedimentary rocks associated with massive replacement sulphide bodies (AntaKori mineralization);
- a moderately-mineralized porphyry copper-gold-silver-(molybdenum) system associated with several feldspar-biotite porphyry dykes and breccias (AntaKori mineralization);
- a second porphyry system associated with sericite-chlorite-anhydrite alteration with significant mineralization of copper-gold-silver-(molybdenum) (AntaKori mineralization);
- an epithermal high-sulphidation system with copper-gold-silver-arsenic-antimony developed in Miocene volcanic rocks and subvolcanic intrusions with enargite-pyrite structures (responsible for the Tantauhuatay mineralization); and
- an epithermal intermediate sulphidation, “base metal carbonate” system with gold-silver-lead-zinc-copper mineralization associated with late stage hornblende porphyry dykes of Upper Miocene age (crosscuts earlier mineralization).

The skarn and second porphyry processes are responsible for most of the AntaKori mineralization. Mineralization in prograde skarns is weakly developed and consists of disseminated pyrite, chalcopyrite and magnetite. There is strong development of retrograde skarn alteration that formed epidote, chlorite, magnetite and calcite. Mineralization in retrograde skarns consists of pyrite, magnetite and chalcopyrite in disseminations, veinlets and massive sulphide-magnetite bodies. Copper-gold-silver $\pm$ Mo mineralization in the second porphyry intrusive phase occurs as pyrite, chalcopyrite, bornite and molybdenite as disseminations, veinlets and breccia cement.

Two separate oxidation events are recognized. No significant supergene enrichment is associated with either event.

The 2017–2018 drill program demonstrated that the copper-gold mineralization is open to the northwest, north and northeast sides of the AntaKori concessions and onto the Colquirrumi concessions. These areas are coincident with circular highs with low centers on a plot of the total field magnetic intensity (“**TMI**”) analytical signal of the vertical

integration (“ASVI”). These magnetic anomalies are interpreted as possibly representing multiple porphyry-skarn centers with magnetite-destructive phyllic alteration of porphyry stocks (the magnetic lows) surrounded by magnetite-bearing skarn (the magnetic highs), thus demonstrating considerable exploration potential.

History

Companies that conducted exploration in the AntaKori Project area prior to Regulus obtaining an interest include Kennecott Copper Co. Cerro de Pasco Corporation, Servicio de Geología y Minería, Granges, El Misti Gold Limited, Canada, Andean American Mining Corp., Canada (Andean), Sinchao Metals Corp., Canada and Southern Legacy Minerals Inc., Canada. The companies completed helicopter reconnaissance, geological and alteration mapping, soil and rock geochemical sampling, induced polarization (“IP”) and ground magnetic geophysical surveys, trenching, reverse circulation (“RC”) and core drilling.

Regulus has completed re-logging of all historic drill core collected between 1997–2008, commissioned hyperspectral scanning of all historical and current drill core, commissioned petrographic and mineralogical studies, and completed a core drilling program.

Drilling

A total of 109 drill holes (41,485.90m) were completed in the period 1964–2018. Of these drill holes, 29 core holes (22,140.89m) were completed by Regulus in 2017–2018. Portions of four additional core holes (1,031.02m) were also drilled by CMC on Regulus concessions in the period 2017–2018. Pre-1997 drill holes are not used in Mineral Resource estimation. The remaining drill holes, consisting of 22 RC holes (3,274.5m) and 48 core holes (14,679.7m) were drilled by El Misti and Sinchao Metals in the period 1997–2008. These are referred to as legacy drilling and are used in Mineral Resource estimation.

Drill sizes completed include PQ (85.0mm core diameter), HQ (63.5mm core diameter), and NQ (47.6mm core diameter).

Regulus re-logged all core from the 1997–2008 programs. Regulus’ 2017–2018 logging program included recording of lithology, alteration, and mineralization, using a standard logging spreadsheet developed for a computer tablet.

No recovery data exist for the legacy drill programs. The 2017–2018 Regulus program recovery averaged 95.3% and recovery was similar for all core sizes.

There is low to moderate confidence in the coordinates of the legacy drill holes. The legacy drill collars that could be located were re-surveyed in 2015. The original coordinates were used for the collars which could not be found. A plot of the legacy drill collar coordinates on recent, high-resolution satellite images shows that some collars do not lie on areas of disturbance of drill pads or roads, suggesting that there are errors in some of the coordinates.

Regulus drill collars were surveyed by CMC mine surveyors at the set-up and finish of drilling using a Trimble Total Station instrument to measure the coordinates, azimuth and inclination of the drill collar, and a survey certificate was given to Regulus.

Legacy RC and core holes do not have any downhole survey data for azimuth and inclination. To address uncertainty in hole deviation, Regulus compared traces from 2017–2018 program with the legacy drill hole traces, and concluded that Regulus drill holes between 0–500 m depth experienced limited downhole deviation; hence most of the legacy drill holes, being less than 500 m deep, were interpreted to likely also have limited downhole deviation.

Regulus completed downhole surveys of all 2017–2018 holes using a wireline GyroTracer Directional™ 45 mm north-seeking gyro tool. Readings were taken every 5 m both going down into the hole and coming back up out of the hole.

Sampling

No information is available on legacy sampling methodology. Based on chip trays and assay sheets, it appears that RC chip samples were collected on 2 m intervals. Core from the 1997–1998 drill program was split with a diamond core saw and sampled on 2 m intervals with one half bagged and the other half returned to the core box. Core from the 2007–2008 drill program was sampled at variable intervals up to 2.00 m long and priority appears to have been given to geology. The 2017–2018 Regulus drill program core sample intervals were based on geology with sample limits placed at significant contacts of lithology, alteration and mineralization. The maximum sample length is 3 m and the minimum is 0.5 m with an aim for 2 m average.

Regulus completed 2,233 density measurements, using the water displacement method. These are supported by 5,831 legacy density measurements, also determined using the water displacement method. There is adequate coverage of the principal lithologies.

RC chip samples and core samples from the 1997–1998 drill program were prepared by Bondar Clegg (part of ALS Minerals since 2001), Lima and the pulps were shipped to Vancouver for analysis. It is not known if Bondar Clegg had any ISO or other accreditations in 1997–1998. Core samples from the 2007–2008 drill program were prepared and analyzed at CIMM Peru S.A. (now part of Certimin). Certimin was ISO9001 certified in 2000.

Legacy preparation and analytical methods included:

- Bondar Clegg: crushing to 70% <2 mm, grinding to 85% <75 µm, gold analysis using 30 g fire assay with atomic absorption spectroscopy (AAS) finish; 50 g fire assay with AAS finish, multi-element analysis of 34 elements by inductively-coupled plasma atomic emission spectroscopy (ICP-AES); and
- CIMM: crushing to 1/4 inch, grinding to 95% <150 mesh, gold analysis using 30 g fire assay with AAS finish, multi-element analysis of 35 elements by ICP.

Legacy quality assurance and quality control (QA/QC procedures) included insertion of standards, duplicate and blank materials. However, there is no documentation of original QA/QC data from those programs in Regulus' possession; thus, the legacy results cannot be verified.

The primary laboratory for the 2017–2018 Regulus program was ALS Minerals in El Callao, Lima and the secondary laboratory was SGS Peru, in El Callao, Lima. ALS Minerals is ISO 9001:2008 certified and ISO 17025:2005 (exp. 2022_02_28) accredited by the Standards Council of Canada for the procedures used for this work. SGS Peru is ISO 9001 and ISO 17025 accredited.

Preparation and analytical methods included:

- ALS Minerals: crushing to >70% <2 mm, pulverizing to >85% <75 µm, gold analysis using 30 g fire assay with AAS finish, multi-element analysis of 34 elements by ICP-AES; and
- SGS Peru: crushing to >90% <10 mesh, pulverizing to >95% <140 mesh, gold analysis using 30 g fire assay with AAS finish, multi-element analysis of 35 elements by ICP-AES.

Regulus used standards, coarse blanks, field duplicates, coarse (preparation) duplicates, fine (pulp) duplicates, check samples (reject) and replicate samples (pulp) in their QA/QC program.

Standard results indicate that accuracy for the metals of economic interest is within the industry-standard of $\pm 5\%$ for gold, silver, copper, molybdenum, lead, and zinc. There is a slight high bias for arsenic and antimony, and a slight low bias for molybdenum. The coarse blank shows no evidence of contamination for gold, silver, molybdenum, antimony, arsenic, and lead. Data for copper and zinc are equivocal because both of those elements are present in detectable concentrations in the supposedly blank sample. The field (core) duplicates show significant failures due to the sampling method. The coarse and fine duplicates show acceptable precision. The check and replicate samples show generally low bias between the primary and secondary laboratories.

The protocols for legacy sample security are not known. Regulus has a rigorous sample security protocol that depends on chain of custody procedures, locked facilities with controlled access, and secure sample transport to the analytical laboratory.

Data Verification

Between 2015 and 2018, Regulus re-logged all of the legacy drill core rather than rely on legacy logging. Lithology, alteration, mineralization, veining and structures were logged. The condition of the core was also logged. All of the core that is within the Regulus concessions was also logged with the Corescan™ system. To the extent possible, analytical methods for legacy data were verified and legacy data were compared to original documents; however, for holes drilled prior to 2017, no documentation of original data was available for collar or downhole surveys. Assay data for legacy drilling were compared to original documents by Regulus and Wood and no significant discrepancies were identified.

Wood verified, to the extent possible, the Regulus, CMC, and legacy data by comparing data in the database to original documents. As a result of these evaluations, Wood considers the data to be reliable as follows:

- 1997–1998 data are not supported by documented QA/QC and are thus able to support only Inferred Mineral Resources;
- 2007–2008 data are supported by documented QA/QC data from the laboratory only. Wood considers these data adequate to support Indicated Mineral Resources and preliminary mine planning; and
- 2017–2018 data are supported by documented QA/QC data and are adequate to support Measured Mineral Resources and mine planning.

The QP personally verified the documented QA/QC results for the 1997–1998, 2007–2008, and 2017–2018 drill programs and reviewed the results of audits performed by Wood personnel under the supervision of the QP. The QP also verified all aspects of data collection by Regulus by observing data collection procedures in the field and core logging facility. The QP also performed detailed reviews and verifications of the geological models used to support Mineral Resource estimation.

Metallurgical Test Work

Preliminary metallurgical test work was commissioned by SLP in 2013 and undertaken at Plenge Laboratory in Lima. Work completed consisted of X-ray mineralogical characterization, mineral liberation analysis and batch and locked cycle flotation scoping test work. Two composites were tested, labelled as “skarn” and “porphyry”. There is no information as to how representative the samples used in test work are of the overall metallurgical variability of the deposit. Regulus has downgraded the significance of this test work as the samples selected were anywhere from 8 to 16 years old and were likely oxidized due to the long duration the samples were exposed to the atmospheric conditions without the proper storage precautions taken.

Mineralogy indicated the dominant mineral in both concentrate products to be chalcopyrite (about 70 wt%), but the sample labelled as porphyry contained relatively more (10.2 wt%) combined copper arsenides (enargite, tennantite) than the sample labelled as skarn (2.4 wt%). The concentrate sample from skarn, contained more (8.8 wt%) combined sphalerite and galena mineral relative to the porphyry sample (2.4 wt%). The concentrate mineralogy reported is consistent with the arsenic, zinc and lead grades reported in the relevant concentrates. In the sample labelled as skarn, arsenic recovery to the concentrate was also notably lower than the porphyry sample. This suggests the presence of other arsenic mineralization in the skarn sample, not directly associated with copper, and with a lower flotation response. Arsenopyrite could be expected to behave in this way.

An average copper recovery of 85% and copper concentrate grade of 28% Cu was selected as the basis of the cut-off assumptions used in Mineral Resource estimation. A recovery of 80% As was assumed to the concentrate. The resulting concentrate product would be arsenic-bearing and contain an average of about 3.5% As. This level of arsenic in a concentrate generally requires marketing through specialist base metal concentrate traders for blending, third-party refineries and/or treatment by secondary downstream processing on-site.

Additional metallurgical test work has been recommended to identify the preferred baseline concentrator flowsheet configuration and design parameters for the project, assess mineralization and geometallurgical variability especially regarding arsenic mineralogy, and to support concentrate marketing and/or secondary processing scenarios.

Mineral Resource Estimation

The Mineral Resource block model was constructed over the entire Project area. A parent block size of 10 m x 10 m x 10 m and a sub-cell block size of 5 m x 5 m x 5 m were chosen to appropriately model the volumes of the lithological domains. Blocks were not created above the surface topography.

Leapfrog™ was used to construct geological, alteration, mineralization and weathering three dimensional (3D) models.

Regulus supplied density determinations for 7,278 samples. These samples intervals were tagged by the same lithology wireframes as used for grade estimation. Wood noted that portions of the core were extremely broken up. The intervals sampled for density tended to be in more competent rock, thus there is some risk of overstating the tonnage. Wood recommends mitigating this risk by obtaining more density samples in the less competent intervals of core.

The influence of high-grade samples was controlled by a combination of outlier restriction and capping applied to composites rather than capping of individual assays. Uncapped composites were allowed to estimate blocks within 20 m, beyond this distance the outlier composites were capped to the outlier threshold. Wood reviewed the amount of metal removed by capping and feels it is reasonable based on the current drill spacing.

Assay sample intervals are variable, with the majority being 2 m in length, but lengths are adjusted at lithology contacts such that sample lengths can range from 0.5–3 m.

Drill hole data were loaded into Vulcan™ and composited to 5 m lengths to standardize data support for estimation. Composites were broken based on intersection with the geological wireframes and back-coded based on these wireframes. Edge composites shorter than 2.5 m in length were added to the previous composite to eliminate short composites.

Sage™ software was used to create experimental correlograms for all elements using 5 m capped composites in domains with sufficient data to produce reasonable correlograms.

Grade estimation was accomplished using a combination of ordinary kriging (OK) for domains with adequate data (CV1t, CF, IF, FF, BXag, BXb, CV1m and CV2h units) and inverse distance weighting to the second power (ID2) for domains which had limited data (CV2m, CVep and OB units). Weathering codes were applied within the CV1t and BXag units to identify a small, near-surface oxide domain which was estimated separately. Skarn-based wireframes were used to constrain estimates within the CF and IF units. Due to high CVs (over 2) observed in the composites, indicator models were also applied in the estimation of copper grades in the CV1t unit and to the estimation of arsenic grades in the CF unit. Elements estimated included copper, gold, silver, arsenic, lead, zinc, and molybdenum. Elements other than copper, gold and silver were estimated for potential future use in exploration, metallurgical and environmental studies, but are not included in the resource statement.

Density values were estimated into the block model using ID2 method with two passes based on the lithology domain. Blocks that were not estimated in the second pass were assigned the mean density value for the particular lithology.

The estimation plan incorporated six passes with expanding search ellipses, outlier restriction, minimum and maximum number of composites, minimum and maximum number of holes, and maximum number of composites for a single drill hole. The large number of passes was due to the spacing of drill holes and geometry of some of the units. Most of the Indicated and Inferred blocks were estimated in the first three passes. This approach should result in a grade interpolation that honors the composite grades locally and globally. The orientations and ranges of the search ellipsoids were based on the correlograms. Any block that was un-estimated was assigned a mean grade based on the lithological domain.

Model validation included:

- Visual inspection: locally, the estimated grades of the blocks show reasonable agreement with the supporting grades;
- Global bias checks using a nearest-neighbor (NN) model. The overall global bias restricted to Indicated blocks is within $\pm 2\%$; and
- Local bias checks using swath plots. The swath plots do not show areas of significant local bias in areas that are supported by a large number of blocks.

Metal removed as a result of capping to control the over-projection of high-grades was evaluated by comparing the NN cap and NN uncapped models restricted to Indicated blocks. Overall copper removed by capping was 4.6%, gold was 3.4%, silver and arsenic were 4.8%.

To incorporate the drill spacing criteria to outline confidence categories, Wood calculated the drill spacing for each block based on the average distance to the closest three drill holes. Using the current geological model and available drill hole data, it appears that a drill spacing of 110 m is required for Indicated Mineral Resources, and it is reasonable to assume a 200 m drill grid would be sufficient for Inferred Mineral Resources. Wood assessed the quality of legacy and current data. Blocks dominantly estimated based on legacy holes lacking sufficient confidence were downgraded from Indicated to Inferred. The classification was then smoothed to reduce or remove isolated islands of Indicated or Inferred blocks.

To demonstrate reasonable prospects for eventual economic extraction, Wood constructed a conceptual constraining pit shell for the AntaKori Project using Whittle™ software and based on Indicated and Inferred mineralized material. The mineralization considered in the conceptual pit shell was limited to sulphide material; the minor amount of oxide material was treated as waste for this exercise.

Parameters for the conceptual pit shell assumed the deposit would be developed as a long-life operation consisting of a conventional truck and shovel open pit mine feeding a 60,000 t/d concentrator, producing a copper–gold–silver

concentrate containing arsenic on-site for sale to third-party refineries. Processing costs assumed a sulphide concentrate would be produced using flotation methods to recover copper, gold, and silver.

Input parameter assumptions are provided in Table 1-1.

The input parameters were based on:

- Metal prices net selling cost including concentrate refining;
- Bench-marked mining, processing and general and administrative (G&A) costs based on estimates and current costs for similar sized and similar types of operations in the region;
- Metallurgical recoveries are based on preliminary test results and benchmarks. To date, only preliminary metallurgical studies have been completed at AntaKori; and
- A 5% NSR royalty was applied to mineralized material from the Coimolache AOI as per the Coimolache Collaborative Agreement.

The pit shell was determined by evaluation of an NSR with NSR block cut-off = \$10.03/t. The NSR of each block was calculated using the following formula:

$$\text{NSR} = 45.07 * \text{Cu} + 24.10 * \text{Au} + 0.30 * \text{Ag}.$$

The conceptual constraining pit shell was restricted to copper–gold–silver mineralization that occurs on AntaKori concessions, the Coimolache AOI and the CMC permits outside and south of the Coimolache AOI.

CMC data were not accessible to Regulus for the CMC concessions outside the Coimolache AOI so this area was assumed to be waste material. Based upon precedent agreements and a demonstrated working relationship between Regulus and CMC, an assumption is made that Regulus will be able to reach a mutually-beneficial agreement with respect to CMC concessions to the south of the Coimolache AOI similar to the existing agreement. It is anticipated that a new agreement would provide for the mining and processing of CMC-owned material under the same terms of the current Coimolache Collaborative Agreement. The impact of not reaching such an agreement would be to reduce the stated Regulus-owned resources by approximately 10% in tonnage with the grade remaining essentially the same.

Table 1-1: Conceptual Pit Input Parameters

Parameter	Value	Units
Copper price	6,614	US\$/t
Gold price	1,400	US\$/oz
Silver price	18.00	US\$/oz
Average treatment charge Cu	300	\$/dmt conc
Copper refining charge (US\$0.25/lb)	148.81	\$/dmt conc
Gold refining charge (US\$5/oz)	1.52	\$/dmt conc
Silver refining charge (US\$0.3/oz)	2.43	\$/dmt conc
Freight and shipping	120	\$/dmt conc
Copper recovery (RecCu)	85	%
Gold recovery (RecAu)	55	%
Silver recovery (RecAg)	50	%
Arsenic recovery (RecAs)	80	%
Overall pit slope	45	°
Mining cost	1.85	US\$/t material moved

Processing cost	7.18	US\$/t material treated
General and administrative (G&A) cost	1.00	US\$/t material treated

Note:

- (1) For treatment charges depending on the arsenic content the following rule was used: US\$500/dmt, if As conc >5%; US\$300/dmt, if As conc >3%; US\$ 250/dmt, if As conc >0.5% and As conc ≤3%; US\$100/dmt, if As conc <0.5%. In the latter case, an arsenic penalty was assumed, and included, based on: if As conc<0.5% and As conc>0.3%, US\$5/dmt each 0.1%. Dmt = dry metric tonne.

The conceptual constraining pit shell reaches a depth of approximately 600 m at the deepest point. The ratio of waste to total in-pit resource (Regulus and CMC) at a cut-off of 0.3% CuEq is approximately 0.85. Although the conceptual pit shell captures much of the material classified with an Inferred or Indicated level of confidence, there is significant mineralized material that falls outside of the conceptual pit shell and additional drilling will be required to support estimation of Mineral Resources from this material.

Equivalency equations were generated for copper and gold as follows:

- Copper equivalent formula: $\text{CuEq} = \text{Cu} + 0.6805561 \cdot \text{Au} + 0.008750 \cdot \text{Ag}$ (no use of Pb, Zn, or Mo, and equal metallurgical recoveries were assumed for all three metals in the copper equivalent formula); and
- Gold equivalent formula: $\text{AuEq} = \text{Au} + 1.469387 \cdot \text{Cu} + 0.012857 \cdot \text{Ag}$ (no use of Pb, Zn, or Mo, and equal metallurgical recoveries were assumed in the gold equivalent formula).

A reasonable cut-off grade was determined to be 0.30% CuEq, using a combination of benchmarking of copper–arsenical concentrate, and the parameters in Table 1-1. This cut-off grade was based on a range of arsenic concentrate grades and associated penalties. At the metal prices used the break-even cut-off varied between 0.25% CuEq and 0.32% CuEq, thus a 0.3% CuEq cut-off grade was considered reasonable.

Mineral Resource Statement

The Mineral Resources were classified using the 2014 CIM Definition Standards and have an effective date of February 22, 2019. The Qualified Person for the estimate is Mr. Doug Reid, P.Eng., a Wood employee.

A sensitivity of the Indicated and Inferred Mineral Resources is shown at various CuEq cut-off grades in Table 1-2 and Table 1-3 respectively. The base case for the estimate is highlighted.

Table 1-2: Indicated Mineral Resource Statement

Cutoff (%)	Tonnes (Mt)	CuEq (%)	AuEq (g/t)	Cu (%)	Au (g/t)	Ag (g/t)	As (ppm)	Contained CuEq (Blb)	Contained AuEq (Moz)	Contained Cu (Blb)	Contained Au (Moz)	Contained AG (Moz)
0.2	296	0.66	0.98	0.42	0.26	6.9	793	4.3	9.3	2.7	2.5	66
0.3	250	0.74	1.09	0.48	0.29	7.5	857	4.1	8.8	2.6	2.3	61
0.4	201	0.84	1.23	0.54	0.32	8.3	969	3.7	7.9	2.4	2.1	54
0.5	152	0.96	1.41	0.63	0.37	9.2	1,137	3.2	6.9	2.1	1.8	45
0.6	118	1.08	1.59	0.71	0.42	10.1	1,304	2.8	6.0	1.9	1.6	38
0.7	93	1.20	1.76	0.79	0.46	10.9	1,480	2.5	5.3	1.6	1.4	33
0.8	73	1.32	1.94	0.87	0.51	11.7	1,669	2.1	4.6	1.4	1.2	28
0.9	57	1.45	2.13	0.96	0.56	12.5	1,874	1.8	3.9	1.2	1.0	23
1.0	45	1.59	2.33	1.05	0.62	13.2	2,086	1.6	3.4	1.0	0.9	19

Table 1-3: Inferred Mineral Resource Statement

Cutoff (%)	Tonnes (Mt)	CuEq (%)	AuEq (g/t)	Cu (%)	Au (g/t)	Ag (g/t)	As (ppm)	Contained CuEq (Blb)	Contained AuEq (Moz)	Contained Cu (Blb)	Contained Au (Moz)	Contained AG (Moz)
0.2	320	0.59	0.86	0.36	0.24	7.2	484	4.2	8.9	2.6	2.5	74
0.3	267	0.66	0.96	0.41	0.26	7.8	518	3.9	8.2	2.4	2.2	67
0.4	199	0.76	1.12	0.48	0.30	8.7	597	3.3	7.2	2.1	1.9	56
0.5	146	0.87	1.28	0.56	0.34	9.6	702	2.8	6.0	1.8	1.6	45
0.6	112	0.98	1.43	0.63	0.38	10.3	808	2.4	5.1	1.6	1.4	37
0.7	89	1.06	1.56	0.69	0.41	10.8	910	2.1	4.4	1.3	1.2	31
0.8	69	1.15	1.69	0.75	0.45	11.4	1,005	1.8	3.8	1.1	1.0	25
0.9	53	1.24	1.82	0.80	0.48	12.0	1,096	1.5	3.1	0.9	0.8	21
1.0	40	1.34	1.96	0.87	0.53	12.5	1,169	1.2	2.5	0.8	0.7	16

Notes to accompany Mineral Resource tables assuming open pit mining methods for AntaKori Project:

- (1) Mineral Resources have an effective date of 22 February 2019; Douglas Reid, P.Eng., a Wood employee, is the Qualified Person responsible for the Mineral Resource estimate.
- (2) Inputs to costs for cut-off grade assumes a conventional truck and shovel open pit mine handling and feeding a 60,000 t/d concentrator and producing a copper-gold concentrate with arsenic for sale to specialists in concentrate trading, third-party smelters and refineries.
- (3) Mineral Resources are reported based on a CuEq cut-off of 0.30% constrained within a pit shell.
- (4) Mineral Resources are only reported within Regulus concessions.
- (5) CuEq and AuEq grades and metal contents in this table are mutually exclusive and are not additive.
- (6) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- (7) Copper price used is US\$6,614/t (US\$3.00/lb), gold price is US\$1,400/oz, silver price is US\$18.00/oz.
- (8) Assumed metallurgical recoveries: copper 85%, gold 55%, silver 50%.
- (9) Assumed pit slope of 45°.
- (10) Assumed open pit mining cost of US\$1.85/t plus lift charge to average US\$2.00/t, processing cost of US\$7.18/t, G&A cost US\$1.00/t.
- (11) Copper equivalent formula: $CuEq = Cu + 0.6805561 * Au + 0.008750 * Ag$ (no use of Pb, Zn or Mo and no metallurgical recovery was applied to the copper equivalent formula).
- (12) Gold equivalent formula: $AuEq = Au + 1.469387 * Cu + 0.012857 * Ag$ (no use of Pb, Zn or Mo and no metallurgical recovery was applied to the gold equivalent formula).
- (13) Mineral Resources are reported on a 100% basis.
- (14) Tonnages are reported as metric tonnes rounded to million tonnes; copper, gold grades and equivalent grades are rounded to two decimal places, silver is rounded to one decimal place.
- (15) Rounding as required by reporting guidelines may result in apparent summation differences.

Areas of uncertainty that may materially impact the Mineral Resource estimates include:

- Changes to long-term metal price assumptions;
- Changes in local interpretations of mineralization geometry and continuity of mineralized zones;
- Changes to the density values applied to the mineralized zones;
- Changes to geological shape and continuity assumptions;

- Potential for unrecognized bias in the assay results from legacy drilling where there was limited documentation of the QA/QC procedures;
- Changes to metallurgical recovery assumptions;
- Changes in assumptions of marketability of final product;
- Changes to the conceptual input assumptions for assumed open pit operation;
- Changes to the input values for the CuEq grade used to constrain the estimate;
- Variations in geotechnical, hydrogeological and mining assumptions;
- Changes as to assumptions as to ability to continue with existing agreements, or renew or renegotiate those agreements; and
- Changes to environmental, permitting and social license assumptions.

Arsenic (and potentially zinc) contents in concentrate may require consideration in either marketing the concentrate product or assessing further downstream secondary processing requirements. There is limited information on how representative the few samples used in test work are of the metallurgical variability of the deposit. Various concentrate marketing and/or secondary processing options should be evaluated once the recommended metallurgical testwork is available to assess metallurgical characteristics.

While AntaKori as an exploration target is considered a skarn deposit, the current Mineral Resource estimate contains a relatively high proportion of volcanic-hosted mineralization with elevated arsenic content (high sulphide epithermal). As exploration continues, there is potential that additional mineralization will be identified in skarns, which based on data available to date, tend to have lower arsenic values.

Interpretation and Conclusions

Under the assumptions presented in the AntaKori Report, and based on the available data, Mineral Resources meet 2014 CIM Definition Standards and show reasonable prospects of eventual economic extraction.

Exploration activities have shown the AntaKori Project to have significant upside potential to expand the Mineral Resources and additional exploration is warranted.

Recommendations

Recommendations are divided into two phases. Phase 1 recommendations are made in relation to exploration activities. Recommendations proposed in Phase 2 are related to metallurgical test work.

The Phase 1 work recommendations consists of about 25,000 m of core drilling, which is estimated at US\$10 million, assuming all-in drilling costs of approximately US\$400/m. This program is envisaged to test the open extents of the AntaKori mineralization to the northwest, north and northeast sides of the AntaKori concessions and into the Colquirrumi concessions. The program should also be used to fill in minor gaps within the existing drill pattern.

The main objective of metallurgical testing recommended as a second work phase will be to define preliminary flowsheet requirements, recoveries, and costs, as well as likely product characteristics, particularly arsenic content, to support mineralization routing, concentrate strategies and economic analysis. The program is envisaged to use core generated during the Phase 1 recommendations program, and if additional core is needed, core from the 2017–2018 drill program.

The metallurgical test work program should include: sample preparation and characterization using core samples; metallurgical flotation flowsheet development batch testing; metallurgical geometallurgical testing (batch testing, mineralization and product characterization, locked cycle tests and product characterization); metallurgical comminution testing, consisting of Bond work, Bond rod, crushing and abrasion index tests, and semi-autogenous grind mill comminution tests; and tailings geotechnical and environmental characterization (static tests). The budget for this program is envisaged at about \$300,000.

Material Contracts in Respect of AntaKori

Coimolache Agreement

Coimolache is a mining company that owns and operates the Tantahuatay gold-silver mine immediately adjacent to the southern margin of Regulus' AntaKori Project. The Coimolache Agreement was executed in January 2017 and the agreement terminated in accordance with its terms in January of 2022. Key components of the agreement were as follows:

- The creation of an AOI consisting of mining rights from both Coimolache and Regulus (each referred to individually as Party and collectively as the Parties) centered on the known AntaKori copper-gold sulphide mineralization.
- Each Party retains its current mining rights.
- Collaborative exploration within the AOI, overseen by a joint technical committee and with each Party assuming costs for work done on its own mining rights.
- Each Party has access to all exploration data generated by either Party within the AOI.
- Each Party has access to all surface rights owned or controlled by either Party.
- Either Party may elect to proceed with exploration activity on its own mining concessions, at its sole cost, in the event that the other Party elects to not conduct exploration activity at that time.
- For the purposes of permitting and management of exploration and development activities, the AOI will be divided into two sub-areas – Sub-area 1 and Sub-area 2:

Sub-area 1 will consist of all Coimolache mining concessions within the AOI and seven Regulus mining concessions that are contiguous to Coimolache's active Tantahuatay Mine.

- Exploration within Sub-area 1 will be managed by Coimolache and will utilize existing and future Coimolache exploration and mining permits.
- Coimolache may extend the current Tantahuatay oxide precious metals mining operation onto the assigned Regulus mining concessions for the purpose of exploiting oxide precious metals mineralization by meeting the following requirements:
 - Presentation of an approved mine plan to Regulus;
 - Assuming all development and operating costs;
 - Assuming all responsibility for permitting costs and procedures;
 - Payment of a 5% NSR to Regulus for any mineralized material processed from the Regulus mining concessions; and
 - Assuming all responsibility for environmental and mine closure costs.

- o Regulus will assign the seven mining concessions to Coimolache for the purposes of exploration and the development and mining of near-surface oxide precious metals mineralization.

Sub-area 2 will consist of the remaining 11 Regulus mining concessions that are located further from the Tantauatay Mine. Exploration in Sub-area 2 will be managed by Regulus.

- Within the first five years from the execution of the DA, either Party may elect to become the Developing Party (“**DP**”) and thereby have the right to develop and mine sulphide mineralization within the AOI by meeting the following requirements:
 - o Presenting a mining plan, scoping study, preliminary economic assessment (“**PEA**”) or similar development plan;
 - o Presenting a Preliminary Feasibility Study (“**PFS**”) within two years of presenting a scoping study or PEA;
 - o Presenting a Final Feasibility Study (“**FFS**”) within three years of presenting a PFS;
 - o Starting construction within 3 years of presenting the FFS;
 - o Assuming all development and operating costs;
 - o Assuming all responsibility for permitting costs and procedures;
 - o Stockpiling mined material, if requested by the other Party, that is moved from the other Party’s mining concessions within the AOI;
 - o Paying a 5% NSR to the other Party for mineralization processed from the other Party’s mining concessions within the AOI; and
 - o Assuming all responsibility for environmental and closure costs.
- In the event that Regulus elects to become the DP, Coimolache will have a period of 360 calendar days to choose one of the following options:
 - o Allow Regulus to become the DP;
 - o Elect to become the DP;
 - o Elect to proceed jointly with Regulus to complete a Preliminary Feasibility Study and Final Feasibility Study on the timeline indicated above for the DP; or
 - o Terminate the DA.

Neither party exercised its right to become the DP prior to the termination of the agreement in January 2022.

Colquirrumi Agreement

In April 2017, the Company executed the Colquirrumi Agreement. The key components of the agreement are as follows:

- An AOI consisting of a large area of Colquirrumi mining concessions located to the north and east of the Regulus AntaKori mining concessions.
- Colquirrumi will assign the mining concessions in the AOI to Newco, a special purpose company to be initially owned 100% by Regulus for the purpose of exploration. On February 28, 2017, Regulus incorporated a new 99.9% owned subsidiary called Anta Norte S.A.C., which is the “Newco” referred to in this agreement.

- Newco will have an option to acquire a 100% interest in the AOI by completing a minimum of 7,500 m of drilling within a three-year time period that commences upon receipt of all required drilling permits.
- In exchange for the 100% interest in the AOI, Colquirrumi will receive a 30% interest in Newco.
- Commencing from the date that Newco notifies Colquirrumi that it elects to exercise its option to acquire the 100% interest in the AOI (and therefore grant Colquirrumi a 30% interest in Newco), Colquirrumi will have a period of 60 days to elect to claw-back to a 70% interest in Newco by making a US\$9,000,000 payment to Regulus.
- If Colquirrumi does not exercise its claw-back option, it will remain with a 30% interest in Newco.
- Upon final resolution of the earn-in and claw-back options, all future expenditures and investments made by Newco will be proportional to each Party's percentage ownership in Newco with standard dilution in the event that a Party chooses not to participate.
- If either Party has its participation in Newco diluted to less than 10%, the Party's participation will be converted to a 1.5% NSR.
- The Parties also agree that either Regulus or Coimolache may elect to develop and mine sulphide mineralization within the AOI as an extension of activity on their adjacent mining concessions by meeting the following obligations:
 - Presenting a mining plan, scoping study or preliminary economic assessment (PEA) or similar development plan;
 - Presenting a Preliminary Feasibility Study (PFS) within two years of presenting a scoping study or PEA;
 - Presenting a Final Feasibility Study (FFS) within three years of presenting a PFS;
 - Starting construction within 3 years of presenting the FFS;
 - Assuming all development and operating costs;
 - Assuming all responsibility for permitting costs and procedures;
 - Stockpiling mined material, if requested by Newco, that is moved from Newco's mining concessions within the AOI;
 - Paying a 5% NSR to Newco for mineralization processed from Newco's mining concessions within the AOI; and
 - Assuming all responsibility for environmental and closure costs.
- The Parties also agree that Coimolache may extend its current Tantahuatay oxide precious metals operations into the following Colquirrumi mining concessions in the AOI (Provedora No 2-E, Provedora No 2-F, Tantahuatay No 20-A3, Tantahuatay No 20 and Futuro No 3) by meeting the obligations listed below:
 - Presentation of an approved mining plan to Newco, Regulus and Colquirrumi;
 - Assuming all development and operating costs;
 - Assuming all responsibility for permitting costs and procedures;
 - Assuming all responsibility for environmental and mine closure costs;
 - Coimolache would be restricted to mining material that falls within the approved mine plan presented to Newco, Regulus and Colquirrumi;
 - No NSR royalty will be required for this activity;

- o Newco, Regulus and Colquirrumi will facilitate the assignment of the mining concessions to Coimolache for extension of mining as per the approved mine plan; and
- o Once the mining of oxide mineralization is terminated, or at the conclusion of a period of five years from the granting of the right of expansion, whichever is the earlier date, the assignment of the mining concessions will be terminated unless the parties agree otherwise.

Gold Fields Agreement

Subsequent to the publication and the receipt of the AntaKori report, in February 2021, the Company entered into the Gold Fields Agreement. The Gold Fields Agreement expands the Company's exposure to the AntaKori project and consists of 9 metallic mining concessions.

The Gold Fields Agreement is an option whereby Regulus can earn a 60% interest in a group of mining concessions on the north and east sides of AntaKori (the "**Gold Fields mining concessions**") from a subsidiary of Gold Fields Ltd by completing exploration expenditures of US\$3.5 million, drilling a minimum of 2,500 m over a 3 year term and obtaining a 43-101 resource estimate on the Gold Fields mining concessions. The Gold Fields mining concessions have been assigned to a subsidiary of Regulus, for the duration of the agreement. Once Regulus has earned its interest, the ownership of the Gold Fields mining concessions will become 60% Regulus and 40% Gold Fields held within a joint venture company with each party responsible for its corresponding percentage of future investment and the party with majority interest acting as operator. Gold Fields then has a one-time option to buy back 20% interest by paying \$7.5 million to Regulus and sole funding the next US\$5 million in exploration expenditures over a period of 5 years. If Gold Fields exercises this option the ownership of the new joint venture company would become 40% Regulus, and 60% Gold Fields.

In addition, once the agreement contains the following provisions following the establishment of the joint venture company.

- Any party that dilutes below a 10% interest in the joint venture will effectively relinquish their pro rata ownership and will maintain a 1.5% Net Smelter Return Royalty ("NSR") interest, 0.5% of which can be bought back by the other party for US\$2.5 M within 60 days of the announcement of commercial production on the property.
- If Gold Fields exercises its Claw Back Right, Regulus will maintain a right to expand a mining operation from its existing claims onto the Gold Fields concessions ("Development Right") subject to the general principle that it does not interfere with current or planned mining activities of the joint venture at the time.
 - o Upon exercising the Development Right, Regulus would pay the joint venture a 5% NSR (effectively a 3% NSR payable to Gold Fields, and a 2% NSR payable to Regulus) for any minerals processed from the Gold Fields concessions.
 - o In addition, Regulus would be responsible for all development costs, all operating costs, and all environmental and closure costs (closure costs and environmental costs for any stand-alone mining operation on the Gold Fields concessions, would be paid by the joint venture).
- The Development Right will also be available to Regulus if Gold Fields does not exercise its Claw-Back Right, with a 5% NSR payable by Regulus to the joint venture (effectively 2% NSR payable to Gold Fields and 3% NSR payable to Regulus) on any minerals processed from the Gold Fields concessions, and Regulus will be responsible for all development costs, all operating costs and all environmental and closure costs.
- No work has been performed on the GF Claims to the date of this AIF.

Other Properties

Fireweed, British Columbia, Canada

The Fireweed Project is located in central British Columbia, approximately 55 km east-northeast of the city of Smithers. The property is 10 km northwest former Granisle Mine, 5 km west of the former Bell Copper Mine, and 17 km southwest of the undeveloped Morrison deposit. The Fireweed Project is a polymetallic (Ag, Zn, Pb, Cu, Au) discovery of massive sulphide and sulphide replacement type mineralization. The main mineralized horizon covers more than 3 miles of strike length, 150 – 300 ft of stratigraphy and 500+ ft of dip extent. The Fireweed property is the only property held by Regulus in Canada and management is currently looking to option the project to a third party.

RISK FACTORS

An investment in the Common Shares should be considered highly speculative due to the Company's present stage of development, the nature of the Company's operations and certain other factors. An investment in the Common Shares should only be made by persons who can afford the total loss of their investment. **Investments in enterprises such as the Company, whose primary undertaking is the exploration of mineral properties, involve a high degree of risk and investors should not invest any funds in this offering unless they can afford to lose their entire investment. A prospective investor should consider carefully the following factors.**

All of Regulus' operations involve exploration and development and there is no guarantee that any such activity will result in commercial production of mineral deposits.

None of the exploration properties in which Regulus holds an interest host a known body of commercial ore and proposed programs on such properties are exploratory in nature. Development of these mineral properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. There is no assurance that commercial quantities of ore will be discovered on any of Regulus' exploration properties. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a deposit, once discovered, is also dependent upon a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, mineral prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, assuming discovery of a commercial ore body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond the control of Regulus.

COVID-19

At the time of publication of this AIF, the global development of COVID-19 was continuing to rapidly evolve on a daily basis. The unprecedented nature and heightened uncertainty of the situation meant that the extent and impact of the risks posed to Regulus by COVID-19 and other epidemics/pandemics/endemic diseases could not be fully known, quantified, or predicted with any certainty. Global phenomena such as COVID-19 increase the risk of significant labor force disruption (including the supply of labor or site/province/country access) and the potential loss (permanent/temporary) of personnel. Our operations are located in remote locations and represent concentrations of personnel working and sometimes residing in close proximity to one another. COVID-19 has the potential to spread rapidly and place the Company's workforce at risk. As a Company, where practicably possible, steps are being

continually assessed and implemented, as appropriate, to both protect employees and mitigate risks to operations from these threats and impacts, but there can be no assurance as to the level of impact the pandemic will have.

Regulus is exposed to risks of changing political stability and government regulation in the countries in which it operates.

Regulus holds mineral interests in Peru and Canada which may be affected in varying degrees by political stability, government regulations relating to the mining industry and foreign investment therein, and the policies of other nations in respect of Peru. Any changes in regulations or shifts in political conditions are beyond the control of Regulus and may adversely affect its business. Regulus' operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation, mine safety, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation. The regulatory environment is in a state of continuing change, and new laws, regulations and requirements may be retroactive in their effect and implementation. Regulus' operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other nations, terrorism, military repression or adventurism, civil unrest, crime, extreme fluctuations in currency exchange rates and high inflation.

Future amendments to the laws of Peru could weaken, shorten or curtail Regulus' mineral exploration rights or make it more difficult or expensive to obtain mining rights and carry out mining.

Future amendments to the laws or new legislation covering ostensibly unrelated matters could affect the existing laws relating to mineral exploration and development and harm Regulus' ability to carry on business in Peru.

Mineral prices are volatile.

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a Mineral Resource are discovered, a profitable market will exist or develop for the sale of same. There can be no assurance that mineral prices will be such that Regulus' properties can be mined at a profit. Factors beyond the control of Regulus may affect the marketability of any minerals discovered. Mineral prices are subject to volatile price changes due to a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Commodity prices, and in particular copper prices, may be significantly affected by both demand and supply-side disruptions as a result of COVID-19, global shutdowns as a result of COVID-19 and its continuing impact on economies around the world.

Reliance Management and Key Personnel.

Regulus relies heavily on its existing management. Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. The Company believes that it has been successful in recruiting excellent personnel to meet its corporate objectives but, as the Company's business activity grows, it may require additional key financial, administrative and mining personnel. Although the Company believes that it will be

successful in attracting and retaining qualified personnel, there can be no assurance of such success. In the event that the Company is unable to attract additional qualified personnel, its ability to grow its business or develop its existing properties could be materially impaired.

As a result of the implementation of health protocols associated with the COVID-19 virus pandemic at the Company's operations, the Company's ability to complete its planned exploration programs on the schedules it intends, or at all may be adversely impacted.

There can be no assurance that Regulus will be capable of raising the additional financing that it needs to carry out its exploration objectives.

The acquisition, exploration and development of mineral properties depends upon Regulus' ability to obtain financing through joint ventures, debt financing, equity financing or other means. There is no assurance that Regulus will be successful in obtaining required financing as and when needed. Depressed markets for precious and base metals may make it difficult or impossible for Regulus to obtain debt financing or equity financing on favourable terms or at all. Regulus operates in a region of the world which may make it more difficult for Regulus to raise funds. Failure to obtain additional financing on a timely basis may cause Regulus to postpone its exploration plans, forfeit rights in some or all of its properties or joint ventures or reduce or terminate some or all of its operations. Recent economic events including US-China trade disputes, the COVID-19 global pandemic, and disruptions to national and international supply chains and rising inflationary trends worldwide have created further uncertainty in global financial and equity markets and may adversely impact the Company's share price and ability to raise capital.

Estimates of Mineral Resources

The Mineral Resource estimates contained in this AIF are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. The estimates of Mineral Resources described in this AIF should not be interpreted as assurances of mine life or of the profitability of future operations.

There can be no assurance that the interest held by Regulus in its properties is free from defects nor that material contractual arrangements between Regulus and entities owned or controlled by foreign governments will not be unilaterally altered or revoked.

The Company has investigated its rights to explore and exploit its various properties and, to the best of its knowledge, those rights are in good standing but no assurance can be given that such rights will not be revoked, or significantly altered, to the detriment of Regulus. There can also be no assurance that Regulus' rights will not be challenged or impugned by third parties.

Regulus is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. Non-compliance with such regulations, either through current or future operations or a pre-existing condition could materially adversely affect Regulus.

All phases of Regulus' operations are subject to environmental regulations by the governments of Peru, the USA and Canada. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, will not adversely affect Regulus' operations. Environmental hazards

may exist on the properties in which Regulus holds interests which are presently unknown to Regulus and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are sometimes required in connection with Regulus' operations. To the extent such approvals are required and not obtained, Regulus may be delayed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may require corrective measures be implemented, additional equipment be installed, or other remedial actions be undertaken, any of which could result in material capital expenditures. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Regulus and require increased capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Climate Change

The Company acknowledges climate change as an international and community concern. A number of governments and governmental bodies have introduced or are contemplating regulatory changes in response to the potential impacts of climate change. Where legislation already exists, regulation relating to emission levels and energy efficiency is becoming more stringent. Some of the costs associated with reducing emissions can be offset by increased energy efficiency and technological innovation. We expect that in the long term this may result in increased costs at our operations.

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

Pre-existing environmental liabilities.

Pre-existing environmental liabilities may exist on the properties in which the Company currently holds an interest or on properties that may be subsequently acquired by the Company which are unknown to the Company and which have been caused by previous or existing owners or operators of the properties. In such event, the Company may be required to remediate these properties and the costs of remediation could be substantial. Further, in such circumstances, the Company may not be able to claim indemnification or contribution from other parties. In the event the Company was required to undertake and fund significant remediation work, such event could have a material adverse effect upon the Company and the value of its securities.

Social License

The ability to carry out exploration programs on our mineral claims in Peru is conditional on the Company obtaining all the necessary permits, which usually requires the Company to engage with the local communities to obtain their

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

Calculation of Mineral Reserves, Mineral Resources and metal recoveries is only an estimate, and there can be no assurance about the quantity and grade of minerals until reserves or resources are actually mined.

There is a degree of uncertainty attributable to the calculation of Mineral Reserves and Mineral Resources and whether they can actually be mined. Until Mineral Reserves or Mineral Resources are actually mined and processed, the quantity of Mineral Reserves or Mineral Resources and grades must be considered as estimates only. In addition, the quantity of Mineral Reserves or Mineral Resources may vary depending on mineral prices. Any material change in the quantity of Mineral Reserves, Mineral Resources, grade or stripping ratio may affect the economic viability of Regulus' properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production.

Operating hazards and risks could affect Regulus' financial condition.

Mineral exploration, development and production are subject to many conditions that are beyond the control of the Company. These conditions include, but are not limited to, natural disasters, unexpected equipment repairs or replacements, unusual geological formations, environmental hazards and industrial accidents. The occurrence of any of these events could result in delays, work-stoppages, damage to or destruction of property, loss of life, monetary losses and legal liability, any of which could have a material adverse effect upon the Company or the value of its securities.

While it is anticipated that the Company will maintain insurance against risks which are typical in the mining industry, insurance against certain risks to which the Company may be exposed may not be available on commercially reasonable terms, or at all. Further, in certain circumstances, the Company might elect not to insure itself against such liabilities due to high premium costs or for other reasons. Should the Company suffer a material loss or become subject to a material liability for which it was not insured, such loss or liability could have a material adverse effect upon the Company and the value of its securities.

Competition for new mining properties by larger, more established companies may prevent Regulus from acquiring interests in additional properties or mining operations.

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, better established mining companies with substantial capabilities and greater financial and technical resources than Regulus, Regulus may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that Regulus will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Fluctuations in currency exchange rates may adversely affect the Company's financial position.

Fluctuations in currency exchange rates, particularly operating costs denominated in currencies other than United States dollars, may significantly impact Regulus' financial position and results. Regulus faces risks mainly associated with fluctuations in Canadian currency relative to United States currency, as a significant portion of the Company's expenses are incurred in United States dollars.

Certain directors of Regulus may become directors or officers of, or have shareholdings in, other mineral resource companies and there is the potential that such directors or officers will encounter conflicts of interest with Regulus.

Certain of the directors of the Company may become directors or officers of, or have significant shareholdings in, other mineral resource companies and, to the extent that such other companies may participate in ventures in which Regulus may participate, the directors or officers of Regulus may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with Regulus for the acquisition of mineral property rights. These interlocking directorships and executive positions may make it more difficult for the Company to negotiate participation in additional ventures on satisfactory terms or may make such participation relatively more expensive.

Earnings and Dividend Record.

The Company has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. The Company does not generate any cash flow from operations and would not expect to do so in the foreseeable future.

DIVIDEND POLICY

The Company has not paid any dividends to date on its Common Shares and does not intend to pay dividends on the Common Shares in the foreseeable future. The future payment of dividends will be dependent upon the financial requirements of Regulus to fund future growth, the financial condition of Regulus and other factors the Board may consider appropriate in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares. As at the date hereof, there were 101,844,844 Common Shares issued and outstanding. In addition, as at such date, there were an aggregate of 7,925,000 Common Shares reserved for issuance under the Stock Option Plan and 15,137,577 Common Shares reserved for issuance pursuant to outstanding Warrants.

The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares of the Company. Documents affecting the rights of securityholders, including the Company's Articles of Incorporation have been filed in accordance with NI 51-102 and are available on the Company's SEDAR profile at www.sedar.com.

Common Shares

The holders of Common Shares have the right to vote at any meeting of the holders of Common Shares of the Company, to receive any dividend declared by the Company and to receive the remaining property of the Company upon dissolution.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSXV under the symbol "REG". The following table sets out the monthly high and low closing prices and the total monthly trading volumes for the indicated periods:

	High	Low	Volume
December 2020	\$1.13	\$0.99	1,175,630
January 2021	\$1.08	\$0.88	3,937,419
February 2021	\$1.35	\$0.93	2,837,414
March 2021	\$1.27	\$0.97	1,746,944
April 2021	\$1.03	\$0.74	2,418,334
May 2021	\$0.83	\$0.73	1,291,920
June 2021	\$0.81	\$0.73	2,355,424
July 2021	\$0.76	\$0.70	931,213
August 2021	\$0.92	\$0.73	1,493,522
September 2021	\$0.94	\$0.83	829,975
October 2021	\$1.08	\$0.84	1,077,917
November 2021	\$1.14	\$0.90	1,894,772
December 2021	\$1.13	\$0.90	1,147,100
January 2022	\$1.18	\$0.99	1,348,700

PRIOR SALES

During the Company's fiscal year end September 30, 2021, the Company closed a previously announced strategic partnership whereby it agreed to grant certain rights to Osisko in exchange for an upfront cash payment of US\$12,500,000 (C\$16,198,750). These rights include the following: (i) in the event Regulus acquires any existing royalties within the current AntaKori Project area or within a 1 km area of interest surrounding the project on claims owned 100% by Regulus, Osisko has the option to acquire 50% of the acquired royalty by paying 75% of Regulus' purchase price for the royalty; (ii) Osisko will have a right of first refusal on all future royalty or stream transactions in relation to claims on the AntaKori Project where Regulus has 100% ownership, or on any additional claims Regulus might acquire with 100% ownership within the area of interest described above; and (iii) should Regulus receive a royalty or stream as consideration for the sale of AntaKori, Osisko will have a right of first refusal should Regulus later choose to sell that royalty or stream. In addition, the Company issued Osisko 5,500,000 Warrants having a term of three years and an exercise price equal to \$2.25 per share. The Company recorded a fair value of \$1,177,235 for the 5,500,000 Warrants to share compensation reserve, and the residual value of the remaining consideration to \$15,021,515 to exploration and evaluation assets.

An aggregate of 400,000 stock options were issued during the Company's fiscal year ended September 30, 2021 at a weight average exercise price of \$1.19 per share.

An aggregate of 5,500,000 Warrants were issued during the Company's fiscal year ended September 30, 2021 at an exercise price at \$2.25 per share.

ESCROWED SECURITIES

As of the date hereof, none of the Company's securities are subject to escrow.

DIRECTORS AND OFFICERS

All directors of the Company were elected to their offices at the previous annual meeting of shareholders of the Company and will continue to hold office until the next annual meeting of the Company, unless they resign prior to the date of such meeting.

As of the date hereof the names, jurisdictions of residence, the offices held by each in the Company, the principal occupation of the directors and officers for the previous five years, the period served as director (as applicable) and the number of securities of the Company owned by such individuals is as follows:

Name and Jurisdiction of Residence	Position Held	Director Since⁽¹⁾	Number of Common Shares Held	Principal Occupation and Positions for the Past Five Years
John E. Black ⁽⁴⁾ Colorado, USA	Chief Executive Officer and Director	2010	3,326,053	Chief Executive Officer of the Company from 2012 to present. Chief Executive Officer of Aldebaran since June 2018.
Fernando Pickmann ⁽⁴⁾ Lima, Peru	President, Chief Operating Officer and Director	2014	1,393,802	President of Regulus since 2014 and director of Aldebaran since June 2018. Prior thereto, Chief Executive Officer and a director of Southern Legacy from June 2012 to September 2014 and acting Chief Financial Officer from March 2014 to September 2014; Partner, Dentons Peru (law firm) from 2010 to present.
Mark Wayne ⁽²⁾⁽³⁾ Alberta, Canada	Chief Financial Officer and Director	2010	3,284,944 ⁽⁵⁾	Chief Financial Officer of the Company since 2010, Chief Financial Officer of Aldebaran since June 2018. Investment Advisor with iA Private Wealth Inc. since January 2005.
John M. Leask ⁽²⁾ British Columbia, Canada	Director	2012	1,100,539 ⁽⁶⁾	Director of Highway 50 Gold Corp. since 2008; Professional Geological Engineer.
Raymond Jannas ⁽³⁾⁽⁴⁾ Santiago, Chile	Director	2014	142,675	Chief Executive Officer and Director of Atex Resources since June 2020, President of Gexsa Ltda. since August 2012.
Anna Tudela ⁽³⁾ British Columbia, Canada	Director	2020	Nil	Independent Consultant since 2020; Director of Sabina Gold & Silver Corp since Jan 2021; Director of Gunpoint Exploration since Oct. 2021; former Vice President, Diversity, Regulatory Affairs and Corporate Secretary at Goldcorp Inc. from 2005 to 2019.

Name and Jurisdiction of Residence	Position Held	Director Since⁽¹⁾	Number of Common Shares Held	Principal Occupation and Positions for the Past Five Years
Michael McClelland ⁽²⁾ British Columbia, Canada	Director	2021	Nil	Chief Financial Officer of both Augusta Gold Corp. and Titan Mining Corporation. Formerly the Chief Financial Officer of Bisha Mining Share Company, an operating subsidiary of Nevsun Resources Ltd. Previously worked for Goldcorp Inc. as the Mine General Manager of the Wharf Mine, and prior to that was Director of Finance, Canada and USA. Mr. McClelland started his career at KPMG LLP as a Senior Accountant with the Mining Group. Mr. McClelland is a Chartered Accountant and has a Bachelor of Arts in Economics from Simon Fraser University in British Columbia, Canada.
Kevin B. Heather La Serena, Chile	Chief Geological Officer	N/A	3,653,577	Chief Geological Officer of the Company since 2011. Director and Chief Geological Officer of Aldebaran since June 2018.
Adam Greening Ontario, Canada	Vice President, Corporate Development	N/A	38,900	VP, Corporate Development of the Company and Aldebaran since March 2019. Prior to that he held various roles at Yamana Gold since 2012, with his last position as Director of Evaluations and Exploration. Professional Geologist.
Arthur Joseph Fernandez III Arizona, USA	Vice President, Project Development	N/A	44,958	Vice President, Project Development of the Company since August 2019 and Manager, Project Development of the Company from 2016. Prior to that VP of Project Development of Redhawk Copper from 2011 to 2016.

Notes:

- (1) Indicates the dates on which each director initially became a director of Regulus or its predecessors, as applicable.
- (2) Member of the Corporation's Audit Committee, Mr. McClelland is Chair.
- (3) Member of the Corporation's Compensation, Nomination and Corporate Governance Committee, Ms. Tudela is Chair.
- (4) Member of the Health, Safety, Environment & Community Relations Committee, Mr. Jannas is Chair
- (5) Mr. Wayne owns 56,800 Common Shares through Unicus Funds Ltd.
- (6) Mr. Leask owns 74,239 Common Shares through Rangefront Exploration Corp., a private company controlled by Mr. Leask. The remaining 1,026,300 Common Shares are held personally by Mr. Leask.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, no director or executive officer is as at the date hereof, or has been, within 10 years of the date hereof, a director or executive officer of any company, including the Company, which while that person was acting in that capacity:

- (a) was the subject of a cease-trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

In addition, no director has had any penalties or sanctions imposed against him or entered into any settlement agreement in respect of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, including a settlement agreement with a securities regulatory authority, or any other penalties or sanctions imposed by a court or regulatory body.

Conflicts of Interest

Circumstances may arise where members of our Board or our officers are directors or officers of corporations or other entities which are in competition to our interests. No assurances can be given that opportunities identified by such Board members or officers will be provided to us. Pursuant to the ABCA, a director or officer of a corporation who is a party to a material contract or proposed material contract with that corporation or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with that corporation shall disclose to the corporation the nature and extent of the director's or officer's interest. In addition, a director shall not vote on any resolution to approve a contract of the nature described except in limited circumstances.

Our management is not aware of any existing or potential material conflicts of interest between us or a subsidiary of us and one of our directors or officers or of one of our subsidiaries.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Company to which the Company is a party or in respect of which any of its properties are subject, nor are there any such proceedings known to be contemplated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Management of the Company is not aware of any material interests, direct or indirect, of any director or executive officer of the Company, any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of any class or securities of the outstanding Common Shares, or any associate

or affiliate of the foregoing persons or companies, in any transaction within the three most recently completed financial years or during the current financial year to present date that has materially affected or is reasonably will materially affect the Company other than:

- During the year ended September 30, 2021, a law firm at which Mr. Fernando Pickmann was a partner was also paid or accrued \$137,834 for legal services. During the year ended September 30, 2020, a law firm at which Mr. Fernando Pickmann was a partner was also paid or accrued \$251,896 for legal services. During the year ended September 30, 2019, the law firm was paid or accrued \$340,087.

To the best of the Company's knowledge and based on existing information, as at the date hereof, there are no persons who own, control or direct of record or beneficially, directly or indirectly, over more than 10% of the outstanding Common Shares, other than the following:

Name	Number of Regulus Shares	Percent of Issued and Outstanding
Route One Investment Company, L.P.	24,555,751 ⁽¹⁾⁽²⁾	24.11%

Notes:

- (1) The Corporation understands that each of Route One Fund I, L.P., Route One Fund II, L.P. and Route One Offshore Master Fund, L.P. (collectively, the "**Funds**") each hold Regulus Common Shares and are each controlled by Route One Investment Company, L.P.
- (2) Does not include Regulus Shares issuable pursuant to 1,533,187 Warrants held by the Funds at a price of \$1.70 per Common Share which expire on December 27, 2022.

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada, at its principal office in Calgary, Alberta, is the Transfer Agent and registrar of the Common Shares.

MATERIAL CONTRACTS

There or no material contracts, other than the contracts entered into in the ordinary course of business, that are material to the Company that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect, other than the Coimolache Agreement, the Colquirrumi Agreement and the Gold Fields Agreement.

INTEREST OF EXPERTS

To the knowledge of management of the Company, as of the date hereof, set forth below is the name of each person or company who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or relating to, our Company's most recently completed financial year, and whose profession or business gives authority to the statement, report or valuation made by the person or company.

Davidson LLP, Chartered Accountants, have performed the external audit of financial statements of the Company for the years ended September 30, 2021, 2020 and 2019, as set forth in the Company's financial statements. In addition, Wood prepared the AntaKori Report, in accordance with NI 43-101. At the time of the provision of such services, the aforementioned persons or companies, or principals thereof, beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares.

AUDIT COMMITTEE DISCLOSURE - 52-110F2

Audit Committee and Corporate Governance Practices

Audit Committee

The following sets forth the disclosure required by Form 52-110F2 – *Disclosure by Venture Issuers* (“52-110F2”) under National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

Audit Committee Mandate

The text of the audit committee mandate of the audit committee of the Corporation (the “**Audit Committee**”) is attached hereto as Schedule “A”.

Composition of the Audit Committee

As at September 30, 2021 the members of the Audit Committee were Michael McClelland (Chair), Mark Wayne and John M. Leask. Messrs. McClelland and Leask are independent within the meaning ascribed thereto in NI 52-110. Mr. Wayne is not independent pursuant to NI 52-110 as he is the Chief Financial Officer of the Corporation.

Relevant Education and Expertise

The following is a brief description of the education and experience of each member of our Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

Name and Place of Residence	Independent	Financially Literate	Relevant Education and Experience
Mark Wayne Calgary, Alberta	No	Yes	Chief Financial Officer of the Corporation since incorporation of the Corporation. Chief Financial Officer and director of Aldebaran since June 2018. Prior thereto, Chief Financial Officer of Antares from June 2004 to December 2010. Investment Advisor with iA Private Wealth Inc., since January 2005; Chief Financial Officer of QGX Ltd., a mineral exploration company, from 1994 to August 2006. Director, officer and audit committee member of junior public companies for a number of years. Chartered Financial Analyst and LL.B.
John M. Leask Vancouver, British Columbia	Yes	Yes	Director of Highway 50 Gold Corp. since 2008. Co-founder and director of Goldrock Mines Corp from 1998 to 2014. Director, officer and audit committee member of junior public companies for a number of years. B.ASc. in Geological Engineering and is a Professional Engineer.

Name and Place of Residence	Independent	Financially Literate	Relevant Education and Experience
Michael McClelland, Chair ⁽¹⁾ Vancouver, British Columbia	Yes	Yes	Chief Financial Officer of both Augusta Gold Corp. and Titan Mining Corporation. Formerly the Chief Financial Officer of Bisha Mining Share Company, an operating subsidiary of Nevsun Resources Ltd. Previously worked for Goldcorp Inc. as the Mine General Manager of the Wharf Mine, and prior to that was Director of Finance, Canada and USA. Mr. McClelland started his career at KPMG LLP as a Senior Accountant with the Mining Group. Mr. McClelland is a Chartered Accountant and has a Bachelor of Arts in Economics from Simon Fraser University in British Columbia, Canada.
Jason Attew, Chair ⁽¹⁾ Vancouver, British Columbia	Yes	Yes	Former Executive Vice President, Chief Financial Officer and Corporate Development from October 26, 2017 to April 18, 2019 and Senior Vice President, Corporate Development and Strategy from August 15, 2016 to October 26, 2017, all at Goldcorp Inc. BMO Capital Markets from January 2007 to July 2016. B.Sc. and MBA.

Note:

- (1) Jason Attew resigned from the Board and Audit Committee and effective April, 13, 2021 was replaced by Michael McClelland, who currently serves as the Audit Committee Chair.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, each recommendation of the Audit Committee to nominate or compensate the external auditor has been adopted by the Board.

Reliance on Certain Exemptions

The Corporation does not rely on any of the exemption set forth in Section 5 of 52-110F2.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than a requirement that the Audit Committee approve all non-audit services provided by the Corporation's auditors. The Corporation's auditors did not provide any material non-audit services to the Corporation for the period ending September 30, 2021.

External Auditor Service Fees

The following is a summary of the fees paid by the Corporation for the years ended September 30, 2021 and September 30, 2020:

Nature of Services	Fees Paid to the Auditor in the Year Ended September 30, 2021	Fees Paid to the Auditor in the Year Ended September 30, 2020
Audit Fees ⁽¹⁾	\$55,671	\$66,805
Audit-Related Fees ⁽²⁾	-	\$23,685
Tax Fees ⁽³⁾	-	-
All Other Fees ⁽⁴⁾	-	-
Total	\$55,671	\$90,490

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, international financial reporting standards transition consulting, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

ADDITIONAL INFORMATION

Additional information, including directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, is contained in the Company’s information circular for the most recent annual meeting of shareholders that involved the election of directors of the Company. Additional financial information is provided in our audited annual financial statements for the years ended September 30, 2021, 2020 and 2019 and management’s discussion and analysis for the year ended September 30, 2021. Documents affecting the rights of security holders, along with other information relating to the Company may be found on SEDAR at www.sedar.com.

SCHEDULE “A”

AUDIT COMMITTEE MANDATE

Role and Objective

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Regulus Resources Inc. (the “**Corporation**”) to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management’s reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor’s independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee will be comprised of at least three (3) directors of the Corporation or such greater number as the Board may determine from time to time and the majority members of the Committee shall be “independent” (as such term is used in National Instrument 52-110 — Audit Committees (“**NI 52-110**”)) unless the Board determines that the exemption contained in NI 52-110 is available and determines to rely thereon.
2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.
3. All of the members of the Committee must be “financially literate” (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.
2. Satisfy itself on behalf of the Board with respect to the Corporation’s internal control systems:
 - identifying, monitoring and mitigating business risks; and
 - ensuring compliance with legal, ethical and regulatory requirements.
3. Review the annual and interim financial statements of the Corporation and related management’s discussion and analysis (“**MD&A**”) prior to their submission to the Board for approval. The process should include but not be limited to:
 - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years’ financial statements;
 - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;

- reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between management and the external auditors; and
 - obtain explanations of significant variances with comparative reporting periods.
4. Review the financial statements, prospectuses, MD&A, annual information forms (“AIF”) and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation’s disclosure of all other financial information and will periodically assess the accuracy of those procedures.
 5. With respect to the appointment of external auditors by the Board:
 - recommend to the Board the external auditors to be nominated;
 - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
 - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors’ independence;
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - review and pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
 6. Review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management’s response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
 7. Review risk management policies and procedures of the Corporation (i.e. hedging, litigation and insurance).
 8. Establish a procedure for:
 - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
 9. Review and approve the Corporation’s hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of the Corporation.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of the Corporation without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.
2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.
5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.
11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Board of Directors by the Committee Chair.