

REGULUS RESOURCES INC.

Form 51-102F6V - Statement of Executive Compensation - Venture Issuers

The following information pertaining to Regulus Resources Inc. (the "**Corporation**" or "**Regulus**") is presented pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations* in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* for the Corporation's financial year ended September 30, 2021.

GENERAL

"CEO" means an individual who acted as chief executive officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" means an individual who acted as chief financial officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"CGO" means an individual who acted as chief geological officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"COO" means an individual who acted as chief operating officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

"compensation securities" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the Corporation or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries;

"named executive officer" or **"NEO"** means each of the following individuals:

- (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as CEO, including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as CFO, including an individual performing functions similar to a CFO;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

"option-based award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features; and

"share-based award" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Currency

In this Statement of Executive Compensation, unless otherwise indicated, all dollar amounts and references to "\$" are to Canadian dollars.

COMPENSATION OF NAMED EXECUTIVE OFFICERS AND DIRECTORS

During the Corporation's financial year ended September 30, 2021, the Corporation's named executive officers were: (i) John E. Black, CEO; (ii) Fernando Pickmann, President and COO; (iii) Mark Wayne, CFO; and (iv) Kevin Heather, CGO.

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to each NEO and director of the Corporation in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Corporation for services provided and for services to be provided, directly or indirectly, to the Corporation, for each of the Corporation's two (2) most recent completed financial years.

The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans for its NEOs.

Name and Position	Fiscal Year Ended September 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	All other Compensation ⁽¹⁾ (\$)	Total Compensation (\$)
John E. Black NEO, CEO and Director	2021 2020	221,110 ⁽²⁾ 235,419 ⁽²⁾	Nil Nil	Nil Nil	Nil Nil	221,110 235,419
Fernando Pickmann NEO, President, COO and Director	2021 2020	221,110 ⁽³⁾ 235,395 ⁽³⁾	Nil Nil	Nil Nil	Nil Nil	221,110 235,395
Mark Wayne NEO, CFO and Director	2021 2020	75,000 ⁽⁴⁾ 75,000 ⁽⁴⁾	Nil Nil	Nil Nil	Nil Nil	75,000 75,000
Kevin Heather NEO and CGO	2021 2020	189,523 ⁽⁵⁾ 201,768 ⁽⁵⁾	Nil Nil	Nil Nil	Nil Nil	189,523 201,768
John M. Leask Director	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Raymond Jannas Director	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Anna Tudela ⁽⁶⁾ Director	2021 2020	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A
Michael McClelland ⁽⁷⁾ Director	2021 2020	Nil N/A	Nil N/A	Nil N/A	Nil N/A	Nil N/A
Jason Attew ⁽⁸⁾ Director	2021 2020	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) The value of perquisites received by each Named Executive Officer, including property or other personal benefits provided that are not generally available to all employees, was not in the aggregate greater than \$50,000 or ten percent (10%) of the officer's total salary for the financial year.
- (2) Represents consulting fees paid to a private company controlled by Mr. Black for his position of CEO of the Corporation.
- (3) Represents consulting fees paid to Mr. Pickmann for his position as President and COO of the Corporation.
- (4) Represents consulting fees paid to a private company controlled by Mr. Wayne for his position of CFO of the Corporation.
- (5) Represents consulting fees paid to a private company controlled by Mr. Heather for his position of CGO of the Corporation.
- (6) Ms. Tudela was appointed as director of the Corporation on October 19, 2020.
- (7) Mr. McClelland was appointed as director of the Corporation on April 13, 2021.
- (8) Mr. Attew resigned as director of the Corporation on April 13, 2021.

OPTION-BASED AWARDS

The following table sets out the incentive stock options granted to directors and NEOs by the Corporation or its subsidiaries which were outstanding at the most recently completed financial year ended September 30, 2021.

Name and position	Number of options, number of common shares underlying unexercised options and percentage of class ⁽¹⁾	Date of issue or grant	Option exercise price (\$)	Closing price of common shares on date of grant (\$)	Value of unexercised options at year-end ⁽⁶⁾ (\$)	Expiry date
John E. Black CEO and Director	950,000 ⁽²⁾ 200,000 ⁽⁴⁾ 14.51%	Feb 4, 2019 Jun 29, 2020	1.60 0.86	1.58 0.86	Nil Nil	Feb 4, 2024 Jun 29, 2025
Fernando Pickmann Director	950,000 ⁽²⁾ 200,000 ⁽⁴⁾ 14.51%	Feb 4, 2019 Jun 29, 2020	1.60 0.86	1.58 0.86	Nil Nil	Feb 4, 2024 Jun 29, 2025
Mark Wayne CFO and Director	950,000 ⁽²⁾ 200,000 ⁽⁴⁾ 14.51%	Feb 4, 2019 Jun 29, 2020	1.60 0.86	1.58 0.86	Nil Nil	Feb 4, 2024 Jun 29, 2025
Kevin B. Heather CGO and Director	950,000 ⁽²⁾ 200,000 ⁽⁴⁾ 14.51%	Feb 4, 2019 Jun 29, 2020	1.60 0.86	1.58 0.86	Nil Nil	Feb 4, 2024 Jun 29, 2025
John M. Leask Director	200,000 ⁽²⁾ 50,000 ⁽⁴⁾ 3.15%	Feb 4, 2019 Jun 29, 2020	1.60 0.86	1.58 0.86	Nil Nil	Feb 4, 2024 Jun 29, 2025
Raymond Jannas Director	200,000 ⁽²⁾ 50,000 ⁽⁴⁾ 3.15%	Feb 4, 2019 Jun 29, 2020	1.60 0.86	1.58 0.86	Nil Nil	Feb 4, 2024 Jun 29, 2025
Anna Tudela Director	200,000 ⁽³⁾ 2.52%	Oct 19, 2020	1.49	1.43	Nil	Oct 19, 2025
Michael McClelland Director	200,000 ⁽⁵⁾ 2.52%	Apr 13, 2021	0.89	0.90	Nil	Apr 13, 2026

Note:

- (1) Options vest over two years, 25% semi-annually from the date of grant.
- (2) Options are vested.
- (3) Options are 25% vested.
- (4) Options are 50% vested.
- (5) Options are not vested.
- (6) Value of unexercised in-the-money options is calculated based upon the difference between the market value of the Corporation's common shares as at September 30, 2021 of \$0.83 (closing price on the TSX Venture Exchange) and the exercise price of the options.

As at September 30, 2021, the Corporation did not have any share-based award plans for its NEOs.

During the fiscal year ended September 30, 2021, no incentive stock options were re-priced, cancelled and replaced, had their terms extended, or otherwise been materially modified, in the most recently completed financial year.

EXERCISE OF OPTION-BASED AWARDS BY DIRECTORS AND NEOS

There were no compensation securities exercised during the most recently completed financial year ended September 30, 2021.

STOCK OPTION PLANS AND OTHER INCENTIVE PLANS

Option Plan

The Corporation has a share option plan (the "**Option Plan**") which permits the granting of options to purchase Regulus Shares ("**Options**") to directors, officers, employees, consultants and other service providers ("**Optionees**") of the Corporation and its subsidiaries. The Option Plan is intended to afford persons who provide services to Regulus an opportunity to obtain an increased proprietary interest in Regulus by permitting them to purchase shares in Regulus ("**Regulus Shares**") and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Regulus. The Option Plan is administered by the Regulus Board.

The Option Plan currently limits the number of Regulus Shares that may be issued on exercise of Options to a number not exceeding 10% of the number of Regulus Shares which are outstanding from time to time. Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Regulus Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan. As the Option Plan is a "rolling" plan, the issuance of additional Regulus Shares by the Corporation or the exercise of Options will also give rise to additional availability under the Option Plan.

The number of Regulus Shares issuable pursuant to Options granted under the Option Plan or any other security-based compensation arrangements of Regulus: (i) to any one Optionee in a 12 month period may not exceed 5% of the outstanding Regulus Shares; (ii) issuable to insiders at any time shall not exceed 10% of the issued and outstanding Regulus Shares; (iii) issued to insiders within any one-year period may not exceed 10% of the outstanding Regulus Shares; (iv) to any one consultant may not exceed 2% of the outstanding Regulus Shares; and (v) issuable to anyone providing investor relations services shall not exceed 2% of the outstanding Regulus Shares in a year. In addition, the number of Regulus Shares issuable at any time pursuant to Options to directors of Regulus that are not officers or employees of Regulus shall be limited to 1% of the issued and outstanding Regulus Shares. Options granted under the Option Plan are not assignable.

Options granted pursuant to the Option Plan have a term not exceeding five years and vest in such manner as determined by the Regulus Board. In the absence of any specific determination to the contrary by the Regulus Board, Options will vest and be exercisable as to one third on each of the first, second and third anniversaries of the date of grant.

The exercise price of the Options granted pursuant to the Option Plan is determined by the Regulus Board at the time of grant, provided that the exercise price shall not be less than the closing trading price of the Regulus Shares on the TSX Venture Exchange (or such stock exchange on which the Regulus Shares may be listed) on the last trading day immediately preceding the date of grant.

In the event that an Optionee ceases to be a director, officer employee of or service provider to Regulus or a subsidiary of Regulus for any reason, including without limitation, resignation, dismissal or otherwise but excluding death, the Optionee may, prior to the expiry date of the Options and within 90 days from the date of ceasing to be a director, officer employee or service provider, exercise any Options which are vested within such period, after which time any outstanding Options shall terminate. In the event of death of the Optionee, any outstanding Options shall vest immediately and shall terminate on the date that is 90 days following the Optionee's death.

Without the prior approval of the Regulus Shareholders, the Regulus Board may not: (i) make any amendment to the Option Plan to increase the percentage of Regulus Shares issuable on exercise of outstanding Options at any time; (ii) reduce the exercise price of any outstanding Options held by Insiders (as such term is defined in the Option Plan); (iii) extend the term of any outstanding Options beyond the original expiry date of such Option; (iv) make any amendment to increase the maximum limit on the number of securities that may be issued to Insiders; (v) make any amendment to increase the maximum number of Common Shares issuable on exercise of Options to directors who are not officers or employees of the Corporation; (vi) make any amendment to the Option Plan that would permit an Optionee to transfer or assign Options to a new beneficial Optionee other than in the case of death of the Optionee; or (vii) amend the restrictions on amendments that are provided in the Option Plan. Subject to restrictions set out above, the Regulus Board may amend or discontinue the Option Plan and Options granted thereunder at any time, without Regulus Shareholder approval, provided that any amendment to the Option Plan that requires approval of any stock exchange on which the Regulus Shares are listed for trading may not be made without approval of such stock exchange.

In addition, no amendment to the Option Plan or Options granted pursuant to the Option Plan may be made without the consent of the Optionee if it adversely alters or impairs any Option previously granted to such Optionee.

The policies of the TSX-V require that the Option Plan be approved every year by Regulus Shareholders.

EMPLOYMENT, CONSULTING AND MANAGEMENT AGREEMENTS, INCLUDING TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation has entered into consulting agreements with each of John Black, Fernando Pickmann, Mark Wayne, and Kevin Heather (the "**Consulting Agreements**").

The Consulting Agreements continue on a month-to-month basis until terminated by the applicable consultant or the Corporation. The consultants are entitled to participate in the Option Plan and also agree to keep the Corporation's information confidential during the term of the Consulting Agreements and indefinitely after the Consulting Agreements are terminated so long as such information remains confidential. The Consulting Agreements may be terminated by Regulus at any time upon 12 months payment, and may also be terminated by the applicable consultant at any time if Regulus fails to perform its obligations as described in the applicable Consulting Agreement. Additionally, following a Change of Control (as defined in the applicable Consulting Agreement), the applicable consultant has the right to voluntarily terminate its services under the applicable Consulting Agreement for any reason within 60 days following the effective date of a Change of Control and will be entitled to a lump sum payment calculated by multiplying the Consulting Fee (as defined in the applicable Consulting Agreement) by 24. In addition, any stock options granted to the Consultant will accelerate and vest on the Consultant's voluntary termination date following the Change of Control. If any of the Consulting Agreements are terminated for any reason other than a Change of Control, there is no automatic resulting acceleration of, or any other benefit relating to, any Options held by the executive officer.

If the Consulting Agreements were terminated by Regulus at September 30, 2021 without cause, the termination payment payable thereunder to Messrs. Black, Pickmann, Wayne and Heather would have been US\$175,000, US\$175,000, CAD\$75,000 and US\$150,000, respectively. If the Consulting Agreements were terminated by Regulus at September 30, 2021 following a Change of Control, the termination payment payable thereunder to Messrs. Black, Pickmann, Wayne and Heather would have been US\$350,000, US\$350,000, CAD\$150,000 and US\$300,000, respectively.

DIRECTOR COMPENSATION

John M. Leask, Raymond Jannas, Anna Tudela, Michael McClelland and Jason Attew were the directors of the Corporation who are not also Named Executive Officers during the year ended September 30, 2021. The Regulus Board intends to review directors' compensation from time to time as considered appropriate having regard to current trends in directors' compensation and compensation data for directors of issuers of comparative size to Regulus. Regulus does not currently pay any cash compensation to its directors. Members of the Regulus Board are entitled to Options granted pursuant to the Option Plan. The Corporation reimburses directors for all reasonable expenses incurred in order to attend meetings.

OVERSIGHT AND DESCRIPTION OF DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

Role and Composition of the Compensation Committee

Regulus' executive compensation program is administered by the Compensation, Nomination and Corporate Governance committee (the "**Compensation Committee**") of the Regulus Board. During the year ended September 30, 2021, the Compensation Committee was comprised of Anna Tudela, (Chair), Mark Wayne, Raymond Jannas, and John M. Leask who stepped down as Chair on January 4, 2021. Each of Ms. Tudela and Messrs. Jannas and Leask are "independent" for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines*. Mr. Wayne is not considered to be "independent" for the purposes of National Instrument 58-201 – *Corporate Governance Guidelines* as he is currently the CFO of the Corporation. The following table sets forth the relevant education and experience of

each member of the Compensation Committee that enables such member to make decisions on the suitability of Regulus' compensation policies and practice:

Name and municipality of residence	Relevant Education and Experience
Anna Tudela Vancouver, British Columbia, Canada	Director of Sabina Gold & Silver Corp. since January 2021; Director of Gunpoint Exploration Ltd. since October 2021; former Vice President, Diversity, Regulatory Affairs and Corporate Secretary at Goldcorp Inc. from 2005 to 2019.
Raymond Jannas Santiago, Chile	CEO of ATEX Resources since June 2020. Ph.D. from Harvard University and over 30 years of experience in business development, mining geology and exploration with public companies.
Mark Wayne Calgary, Alberta, Canada	Chief Financial Officer of the Corporation since incorporation and Chief Financial Officer of Aldebaran since its incorporation. Investment Advisor, iA Private Wealth Inc., an investment dealer, since January 2005. Mr. Wayne has served as a director and officer of a number of other publicly listed mineral exploration companies and as a member of several of other compensation committees of junior public companies.
John M. Leask Vancouver, British Columbia, Canada	Professional Geological Engineer. Director of Highway 50 Gold Corp. since July 2008; founding member and director of Goldrock Mines Corp. from June 1998 to December 2014.

Compensation Committee Mandate

The Compensation Committee's mandate includes reviewing and making recommendations to the Regulus Board in respect of compensation matters relating to our executive officers, employees and directors, including the "named executive officers". Without limiting the generality of the foregoing, the Compensation Committee has the following duties:

- (a) to review the compensation philosophy and remuneration policy for employees of Regulus and to recommend to the Board changes to improve Regulus' ability to recruit, retain and motivate employees;
- (b) to consider the implications and the risks associated with Regulus' compensation policies and practices;
- (c) to review and recommend to the Regulus Board the retainer and fees (if any) to be paid to members of the Board, members of committees of the Regulus Board, and chairs of the various committees of the Regulus Board;
- (d) to review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Regulus Board with respect to) the CEO's compensation level based on such evaluation;
- (e) to recommend to the Regulus Board with respect to non-CEO officer compensation including to review management's recommendations for proposed stock option and other incentive compensation plans and equity based plans for non-CEO officer compensation and make recommendations in respect thereof to the Regulus Board;
- (f) to administer the Option Plan and, if applicable, other incentive plans approved by the Board in accordance with its terms including recommending to the Regulus Board (and if delegated authority thereunder, approve) the grant of stock options in accordance with the terms of the Option Plan;
- (g) to determine and recommend for approval of the Regulus Board bonuses to be paid to officers and employees of Regulus and its subsidiaries, as applicable, and to establish targets or criteria for the payment of such bonuses, if appropriate; and

- (h) review the disclosure as to compensation matters included in the information circular and proxy statement of Regulus as mandated by applicable securities laws including, without limitation, this Compensation Discussion and Analysis, prior to Regulus publicly disclosing the same.

The Compensation Committee is required to be comprised of at least three directors, or such greater number as the Regulus Board may determine from time to time. The majority of the members of the Compensation Committee are required to be independent; as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the Compensation Committee, meetings of the Compensation Committee are to take place at least one time per year and at such other times as the Chair of the Compensation Committee may determine.

Compensation Consultant or Advisor

At no time in the previous two completed financial years of Regulus has a compensation consultant or advisor been formally retained by Regulus to assist the Regulus Board or the Compensation Committee to determine the compensation of the directors or executive officers of Regulus.

Risk Implications Associated with Compensation Policies and Practices

The Compensation Committee has considered the implications of the risks associated with Regulus' compensation policies and practices and has determined that there are no significant areas of risk because of the discretionary nature of such policies and practices. This determination was based on a number of factors, including, without limitation: that Regulus' compensation policies and practices are generally uniform throughout the organization and there are no significant differences in compensation structure among the senior executives; Regulus attempts to achieve a balance between cash and equity compensation which are based both on individual and corporate performance, both financial and non-financial; and stock options, which make up a significant portion of a Named Executive Officer's total compensation, generally vest over a period of three years, which acts to mitigate against the potential for inappropriate short-term risk taking. However, as elements of the discretionary compensation of the executive officers, such as the bonus plan, may be based, at least partially, on the performance of Regulus over the short term such policies may cause executive officers to make decisions favouring the short term results of Regulus rather than making decisions based on the best interests of Regulus over the long-term. The ability of the Compensation Committee to consider other factors such as personal contributions to corporate performance and non-financial based elements of corporate performance allows the Compensation Committee to consider whether executive officers have attempted to bolster short-term results at the expense of the long-term success of Regulus in determining executive compensation.

Short Sales, Puts, Calls and Options

Pursuant to the Corporation's Disclosure, Confidentiality and Trading Policy, directors, officers and employees of Regulus, shall not knowingly sell, directly or indirectly, a security of Regulus if such person selling such security does not own or has not fully paid for the security to be sold. Without prior approval of the disinterested directors, directors, officers and employees of Regulus shall not, directly or indirectly, buy or sell a call or put in respect of a security of Regulus. Notwithstanding these prohibitions, directors, officers and employees of Regulus may sell a Regulus Share which such person does not own if such person owns another security convertible into Regulus Shares or an option or right to acquire Regulus Shares sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the Regulus Shares so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

Compensation Discussion and Analysis

Executive Compensation Principles

Our compensation program is based on a "pay-for-performance" philosophy which supports the Corporation's commitment to delivering performance for Regulus Shareholders. Our compensation policies are founded on the principle that compensation should be aligned with Regulus Shareholders' interests, while also recognizing that Regulus' corporate performance is dependent upon retaining highly trained, experienced and committed executive officers, employees and directors who have the necessary skill sets, education, experience and personal qualities

required to manage our business. Our program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the mineral exploration industry and the impact of internal and market-related occurrences from time to time.

Our executive compensation program is comprised of the following principal components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation comprised of share options. Together, these components support our long-term growth strategy and are designed to address the following key objectives of our compensation program:

- align executive compensation with Regulus Shareholders' interests;
- attract and retain highly qualified management; and
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results.

The aggregate value of these principal components and related benefits, is used as a basis for assessing the overall competitiveness of the Corporation's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, management and the Compensation Committee reviews the compensation practices of companies in its selected peer group. These companies compete with Regulus for executive talent, operate in a similar business environment and are of similar size, scope and complexity.

The Corporation's peer group for these purposes is comprised of similar companies that are exploring and/or developing mining projects, primarily in foreign jurisdictions, and that have market capitalizations roughly similar to that of the Corporation.

The Corporation's compensation program is primarily designed to reward performance and, accordingly, the performance of both the Corporation, as well as the individual performance of executive officers during the year in question, are examined by the Compensation Committee in conjunction with setting executive compensation packages. The Compensation Committee does not set specific performance objectives in assessing the performance of the CEO and other executive officers; rather the Compensation Committee uses its experience and judgment in determining an overall compensation package for the CEO and other executive officers. Some of the factors looked at by the Compensation Committee in assessing the performance of the Corporation and its executive officers are as follows: (a) exploration successes; (b) additions to mineral resources; (c) ability to raise capital as required; (d) compliance with legal and regulatory requirements; and (e) ability to raise the profile of the Corporation within the investment community. The Corporation weighs and reviews its performance for all of the above relative to its goals and objectives and in relation to the performance of its industry peer group.

Elements of our Executive Compensation Program

Each element of the Corporation's executive compensation program is described in more detail below.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance-based incentive compensation elements are assessed and established. The Corporation intends to pay base salaries to its executive officers, including the CEO, that are in the range of those for similar positions within our selected peer group. For our executive officers, base salaries are currently below the average of our comparison peer group but are considered to be high enough to accomplish the intended objectives. Salaries of the executive officers, including that of the CEO, are reviewed annually by the Compensation Committee.

Short Term Incentive Compensation – Discretionary Cash Bonuses

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which the Regulus Board, upon recommendation of the Compensation Committee, may award annual cash bonuses to executive officers. The annual

cash bonus element of the executive compensation program is designed to reward both corporate and individual performance during the Corporation's last completed financial year. It is the Compensation Committee's philosophy that an individual bonus should be tied primarily to that individual's contribution to corporate performance. In addition, the discretionary bonus plan is intended to help ensure that overall executive cash compensation (i.e. salary and bonus) is comparable to the average cash compensation of executives at peer surveyed companies during the year in question. The amount of the bonus paid is not set in relation to any formula or specific criteria but is the result of a subjective determination of the Corporation's and the individual's performance. The Compensation Committee has not established strict predetermined quantitative performance criteria linked to the payment of bonuses.

Long Term Incentive Compensation – Stock Options

Executive officers, along with all of Regulus' officers, directors, employees, contractors and other service providers, are eligible to participate in the Option Plan. The Option Plan and the Regulus Shares reserved thereunder have been approved by the Shareholders. The Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering the Corporation's success. As with most companies in the Corporation's peer group, options form an integral component of the total compensation package provided to the Corporation's executive officers. Participation in the Option Plan rewards overall corporate performance, as measured through the price of the Regulus Shares. In addition, the Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Options to purchase Regulus Shares are normally awarded by the Regulus Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, we evaluate the number of Options an individual has been granted, the exercise price and value of the Options and the term remaining on those Options.

PENSION PLAN BENEFITS

The Corporation does not have in place any pension plan or similar benefit program that provides for payments or benefits at, following or in connection with retirement.