REGULUS RESOURCES INC

(the "Company")

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

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

	December 31, 2023	September 30, 2023
ASSETS		
Current		
Cash	$ 16,527,877	$ 18,423,544
Receivables	154,086	154,225
Prepaid expenses and deposits	71,383	90,757
Due from related party (Note 6)	28,432	4,190
	16,781,778	18,672,716
Long-term investments	204,500	273,500
Property and equipment	651,930	633,106
Exploration and evaluation assets (Note 4)	51,524,565	51,723,583
	$ 69,162,773	$ 71,302,905
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	$ 771,091	$ 855,423
Decommissioning liability	103,000	103,000
	874,091	958,423
Long term portion of decommissioning liability	234,830	257,000
	1,108,921	1,215,423
Equity		
Capital stock (Note 5)	137,721,097	137,721,097
Accumulated other comprehensive loss	(7,056,148)	(5,612,177)
Share compensation reserve (Note 5)	18,159,262	17,873,116
Deficit	(80,770,359)	(79,894,554)
	68,053,852	70,087,482
	$ 69,162,773	$ 71,302,905

Nature and continuance of operations (Note 1)
Commitments (Note 10)
Subsequent events (Note 11)

Approved by the Board:

Director:	**Director:**
”*John Black*”	“*Mark Wayne*”
John Black	Mark Wayne

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the Three Months Ended December 31,

	2023	2022
EXPENSES		
Accounting and audit	$ 81,896	$ 21,975
Amortization	17,963	26,418
Bank charges and interest (recovery)	5,383	7,847
Insurance	6,324	6,813
Investor relations and shareholder information	52,325	51,978
Legal (Note 6)	60,322	116,756
Management fees (Note 6)	197,202	188,333
Office and administration	134,034	123,532
Share-based compensation (Note 5, 6)	286,146	17,977
Transfer agent and listing fees	8,920	10,771
Travel	14,374	15,201
	(864,889)	(587,601)
OTHER ITEMS		
Interest income	213,866	18,483
Gain (loss) on foreign exchange	(103,307)	(469,429)
Write-off of receivables	(121,475)	(220,551)
LOSS FOR THE PERIOD	(875,805)	(1,259,098)
Items that may be reclassified subsequently to profit and loss:		
Change in fair market value of long-term investment	(69,000)	(111,250)
Items that will not be reclassified subsequently to profit and loss:		
Translation adjustment	(1,374,971)	(744,309)
Comprehensive loss for the period	$ (2,319,776)	$ (2,114,657)
Loss per common share – basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	124,508,818	101,849,844

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Accumulated Other Comprehensive Loss	Share Compensation Reserve	Deficit	Total
Balance, September 30, 2022	101,849,844	$ 114,707,360	$ (4,033,133)	$ 16,770,870	$ (76,825,659)	$ 50,619,438
Share-based compensation	-	-	-	17,977	-	17,977
Fair value adjustment to long-term investment	-	-	(111,250)	-	-	(111,250)
Foreign exchange adjustment	-	-	(744,309)	-	-	(744,309)
Loss for the period	-	-	-	-	(1,259,098)	(1,259,098)
Balance, December 31, 2022	101,849,844	$ 114,707,360	$ (4,888,692)	$ 16,788,847	$ (78,084,757)	$ 48,522,758
Shares issued for cash, net of issuance costs	22,658,974	23,013,737	-	-	-	23,013,737
Share-based compensation	-	-	-	1,084,269	-	1,084,269
Fair value adjustment to long-term investment			10,000			10,000
Foreign exchange adjustment			(733,485)			(733,485)
Loss for the year					(1,809,797)	(1,809,797)
Balance, September 30, 2023	124,508,818	137,721,097	(5,612,177)	17,873,116	(79,894,554)	70,087,482
Share-based compensation	-	-	-	286,146	-	286,146
Fair value adjustment to long-term investment	-	-	(69,000)	-	-	(69,000)
Foreign exchange adjustment	-	-	(1,374,971)	-	-	(1,374,971)
Loss for the period	-	-	-	-	(875,805)	(875,805)
Balance, December 31, 2023	**124,508,818**	**$ 137,721,097**	**$ (7,056,148)**	**$ 18,159,262**	**$ (80,770,359)**	**$ 68,053,852**

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

Regulus Resources Inc.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the Three Months Ended December 31,

	2023	2022
Cash Flows from Operating Activities		
Loss for the period	$ (875,805)	$ (1,259,098)
Items not affecting cash:		
Amortization	17,963	26,418
Share-based compensation	286,146	17,977
Interest expense	-	6,672
Write-off of receivables	121,475	220,551
Unrealised foreign exchange	103,307	-
Changes in non-cash working capital items:		
Receivables	(121,336)	(220,192)
Prepaid expenses and deposits	19,374	216,818
Accounts payable and accrued liabilities	(117,337)	(103,772)
Due from related party	(24,242)	(8,505)
Net cash used in operating activities	(590,455)	(1,103,131)
Cash Flows from Investing Activities		
Lease payments	(13,759)	(36,692)
Exploration and evaluation assets	(810,246)	(5,121,006)
Property and equipment	(1,179)	-
Decommissioning liability payments	(129,089)	-
Sale of mineral property interest	-	6,903,000
Net cash provided by (used in) investing activities	(954,273)	1,745,302
Cash Flows from Financing Activities		
Loan repayments	-	(681,358)
Net cash used in financing activities	-	(681,358)
Effect of foreign exchange on cash	(350,939)	293,840
Change in cash for the period	(1,895,667)	254,653
Cash, beginning	18,423,544	249,167
Cash, end	$ 16,527,877	$ 503,820

Supplemental disclosures with respect to cash flows (Note 7)

1. NATURE AND CONTINUANCE OF OPERATIONS

Regulus Resources Inc. ("Regulus" or the "Company") is a mineral exploration company formed on December 16, 2010.

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

The Company is domiciled and incorporated in Canada, and its registered and records office is located at 15th Floor, Bankers Court, 850 - 2nd St SW Calgary, Alberta T2P 0R8.

The Company owns interests in multiple mineral titles and claims in Peru. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves and confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements and to complete the development of properties, and upon future profitable production or proceeds from the disposition thereof. At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its exploration and evaluation assets. The ability of the Company to realize the costs it has incurred to date on these exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the exploration and evaluation assets. To date, the Company has not earned revenues and is considered to be in the exploration stage. As at December 31 2023 the Company has a working capital of $15,907,687 (September 30, 2023 - $17,714,293). Management believes that the Company has sufficient working capital to maintain its operations and activities for the next fiscal year.

The Company's business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events, including, relations between NATO and the Russian Federation regarding the situation in Ukraine, the ongoing conflict in the Middle East and potential economic global challenges, such as the risk of higher inflation and interest rates, may create further uncertainty and risk with respect to the prospects of the Company's business.

These interim condensed consolidated financial statements were authorized by the audit committee and approved by the board of directors of the Company on February 23, 2024.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these interim condensed consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

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

Judgments

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

Functional currencies

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

2. BASIS OF PREPARATION (continued)

Impairment of exploration and evaluation assets

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

Estimates

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

Carrying value and recoverability of exploration and evaluation assets

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

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

Fair value of stock options and warrants

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

Income taxes

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

Decommissioning costs

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

2. BASIS OF PREPARATION (continued)

Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Company and the entities controlled by the Company (Note 6). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and is determined for each entity within the Company. The functional currency for the entities within the Company are: the Canadian dollar (the Company) and the United States dollar ("U.S.$") Southern Legacy Minerals Inc., Regulus Resources Peru S.A.C., KoriAnta S.A.C., Anta Norte S.A.C., SMRL El Sinchao de Cajamara and Centaurus Holding S.A.C.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at September 30, 2023. These unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2023.

4. EXPLORATION AND EVALUATION ASSETS

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

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

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

	AntaKori, Peru
Balance, September 30, 2022	$ 54,719,458
Additions:	
Sale of royalty interest	(6,903,000)
Change in estimates related to decommissioning liability	(217,955)
Field operations	4,424,103
Labour	657,608
Third party services	157,942
	(1,881,302)
Foreign exchange movement	(1,114,573)
Balance, September 30, 2023	51,723,583
Additions:	
Field operations	493,312
Labour	302,075
Decommissioning expenditures incurred	129,089
Third party services	64,043
	988,519
Foreign exchange movement	(1,187,537)
Balance, December 31, 2023	$ 51,524,565

AntaKori Project, Peru

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

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

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

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

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

AntaKori Project, Peru (continued)

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

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

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

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

Payment Due Date		Amount (US$)
Paid during the year ended September 30, 2012	$	580,000
Paid during the year ended September 30, 2013		1,159,170
Paid during the year ended September 30, 2014		1,923,769
Paid during the year ended September 30, 2015		1,850,000
Paid during the year ended September 30, 2016		1,909,123
Paid during the year ended September 30, 2017		38,000
Total	$	7,460,062

During the year ended September 30, 2017, the Company's wholly owned Peruvian subsidiary, Regulus Peru, finalized the execution of definitive agreements with Compañía Minera Coimolache S.A. ("Coimolache") and Compañía Minera Colquirrumi S.A. ("Colquirrumi"), companies that hold mineral concessions immediately adjacent to, and inter-fingering with the Company's AntaKori project. These agreements allow for mutual access, mutual rights of expansion and collaborative exploration of the project area, providing benefit to all three parties.

The Coimalache agreement expired under its own terms on January 19, 2022.

The Colquirrumi agreement allowed Regulus to earn-in to a 70% interest in ground held by Colquirrumi by completing 7,500 m of drilling within 3 years from obtaining necessary permits to drill. Regulus received the drilling permits in Q4-2019. The agreement assigned certain mining concessions to the Company's 99.9% owned Peruvian subsidiary, Anta Norte S.A.C. ("Anta Norte") to allow for exploration work to be performed on those claims by Anta Norte during the term of the agreement. Upon notification that Regulus has completed 7,500 m of drilling and elected to obtain a 70% interest in the property, Colquirrumi will have a one-time option to claw-back to a 70% interest in the property (leaving 30% to Regulus) by paying Regulus the sum of US$9 million. During the period ended December 31, 2023, the Company notified Buenaventura that it had completed 7,500 m of drilling under the Colquirrumi agreement and subsequent to the three months ended December 31, 2023, Buenaventura opted to give the Company a 70% interest in the Colquirrumi claims rather than give the Company a 30% interest in the claims and a cash payment of US$9,000,000.

The Company is also subject to pay NSR's ranging from 1.5% - 3% to the underlying holders of these same claims. As at December 31, 2023, accounts payable include $nil (September 30, 2023 - $nil) relating to these royalties.

4. EXPLORATION AND EVALUATION ASSETS (continued)

Osisko Partnership

During the year ended September 30, 2021, the Company closed a previously announced strategic partnership whereby it agreed to grant certain rights to Osisko Gold Royalties Ltd. ("Osisko") in exchange for an upfront cash payment (the "Upfront Payment") of US$12,500,000 ($16,198,751). 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. Under the Osisko agreement, Osisko elected to acquire 50% of a royalty on the Mina Volare claim of the AntaKori project, which represents a 1.5% or 3% NSR, depending on location royalty, for 75% of Regulus' purchase price for the royalty, with Osisko's acquisition cost for the royalty included in the Upfront Payment. Regulus has retired the remaining 50% of the royalty. As such, the Royalty on the Mina Volare claim is now reduced to a 0.75% or 1.5%, depending on location, in favour of Osisko. 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 $1,177,236 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. The warrants were valued using the Black-Scholes pricing model with the following assumptions: term of 3 years; expected volatility of 62.33%; risk-free rate of 0.30%; and expected dividends of Nil. These warrants expired December 1, 2023.

During the year ended September 30, 2023, the Company and Osisko amended the agreement for additional royalties whereby the Company received a $6,903,000 (US$ 5,000,000) investment from Osisko Gold Royalties in exchange for a net smelter return (NSR) ranging from 0.125% to 1.5% on certain claims of the Company's AntaKori project as well as a right (currently held by Regulus) to buy back a 1% NSR from a third party on certain claims of AntaKori.

The parties agreed that the obligations of Regulus would be secured by the following:

- a pledge of all the shares in the capital of Regulus Resources Peru S.A.C.;
- an assignment by Regulus and Southern Legacy Minerals, Inc. of all intercompany loans and other amounts owing by Regulus Peru; and
- a fiduciary trust or first mortgage in respect of the royalty and any surface rights or other rights relating thereto. The trust or mortgage is expected to be created during fiscal 2024, at which time the share pledge referred to above will terminate.

Gold Fields Option Agreement

During the year ended September 30, 2021, the Company entered into an option agreement whereby the Company can earn up to a 60% interest in certain claims from Gold Fields La Cima S.A., a subsidiary company of Gold Fields Ltd (the "GF Claims").

The terms of the option agreement are summarized as follows:

- The Company can earn a 60% interest in the GF Claims by incurring US$3,500,000 in exploration expenditures over a 3-year term, including completing at least 2,500 m of diamond drilling and producing a 43-101 resource estimate incorporating the GF Claims. Upon completion, the Company and Gold Fields will form a joint venture with the Company having a 60% interest and Gold Fields a 40% interest. The 3-year term commences on the earlier of the date on which the Company receives all necessary drill program permits or within 2 years of the date of assignment of the concessions.
- Upon formation of the joint venture, Gold Fields will have a 60-day window to decide if they wish to acquire an additional 20% interest in the joint venture ("Claw Back Right"), bringing their total interest to 60% and the Company's position to 40%, in exchange for:
    - A cash payment of US$7,500,000 to be paid to the Company.
    - Sole funding US$5,000,000 in exploration commitments over a 5-year period.
- Upon finalizing the ownership structure of the joint venture, both parties will be required to fund their respective portions towards future exploration activities, and standard dilution policies will apply.
    - 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$2,500,000 within 60 days of the announcement of commercial production on the property.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Gold Fields Option Agreement (continued)

- If Gold Fields exercises its Claw Back Right, the Company will maintain a right to expand a mining operation from its existing claims onto the GF Claims ("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.
  - Upon exercising the Development Right, the Company would pay the joint venture a 5% NSR (effectively a 3% NSR payable to Gold Fields, and a 2% NSR payable to the Company) for any minerals processed from the GF Claims.
  - In addition, the Company 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 GF claims, would be paid by the joint venture).

The Development Right will also be available to the Company if Gold Fields does not exercise its Claw-Back Right, with a 5% NSR payable by the Company to the joint venture (effectively 2% NSR payable to Gold Fields and 3% NSR payable to the Company) on any minerals processed from the GF Claims, and the Company will be responsible for all development costs, all operating costs and all environmental and closure costs.

Fireweed

During the year ended September 30, 2022, the Company sold its 100% undivided interest in the Fireweed project located in central British Columbia, Canada for a cash payment of $250,000 and a 0.5% NSR on the property. The royalty will increase to 1.5% upon the pay out of an underlying 2% NSR to a third party, which is capped at $5,000,000.

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE

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

Treasury shares: recorded at cost.

There were no shares issued during the period ended December 31, 2023.

During the year ended September 30, 2023, the Company closed a financing of 22,658,974 common shares at $1.02 per share for total gross proceeds of $23,112,153. The Company paid share issuance costs of $98,416 in relation to the financing.

Stock Options

The Company has a stock option plan ("the Plan") for directors, officers, employees and consultants of the Company and its subsidiaries. The number of common shares subject to the stock options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Company. The Plan provides for a maximum term of five years for stock options and sets the most favorable vesting terms as one-third of the total stock options granted on the day of the grant and on each of the first and second anniversaries of the date of grant.

The following table summarized movements in stock options outstanding for the period ended December 31, 2023:

	Number of Options	Weighted Average Exercise Price
Balance, September 30, 2022	7,775,000	$ 1.41
Options granted	3,950,000	1.02
Options expired/forfeited	(350,000)	1.42
Balance, September 30, 2023 and December 31, 2023	11,375,000	1.27
Number of options currently exercisable	8,362,500	$ 1.42

(Expressed in Canadian Dollars)

5. CAPITAL STOCK AND SHARE COMPENSATION RESERVE (continued)

Share-based Compensation

The Company recognizes compensation expense for all stock options and warrants granted and vested using the fair value based method of accounting. During the period ended December 31, 2023, the Company recognized $286,146 (2022 - $17,977) in share-based compensation expense with respect to options granted and vested during the period.

The following table summarizes information about stock options outstanding at December 31, 2023:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$ 1.60	5,225,000[1]	5,225,000	February 4, 2024
1.78	200,000	200,000	March 1, 2024
0.86	1,500,000	1,500,000	June 29, 2025
1.49	200,000	200,000	October 19, 2025
0.89	200,000	200,000	April 13, 2026
0.76	100,000	50,000	July 22, 2027
1.02	3,950,000	987,500	February 6, 2028
	11,375,000	8,362,500	

(1) subsequent to December 31, 2023 these options expired unexercised

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	Period ended December 31, 2023	Year ended September 30, 2023
Risk-free interest rate	3.53%	3.17%
Expected life of grant	4.1 years	5 years
Volatility	69.03%	67.82%
Dividend	0.00%	0.00%
Weighted average fair value per option	$0.64	$0.45

Warrants

The following table summarizes movements in warrants outstanding.

	Number of Warrants	Weighted Average Exercise Price
Balance, September 30, 2022	10,920,124	$ 1.98
Warrants expired/forfeited	(5,420,124)	1.70
Balance December 31, 2023	5,500,000	$ 2.25
Warrants expired/forfeited	(5,500,000)	2.25
Balance December 31, 2023	-	$ -

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

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

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Southern Legacy Minerals Inc.	USA	100%	Holding company
Southern Legacy Peru S.A.C.	Peru	100%	Mineral exploration
KoriAnta S.A.C.	Peru	100%	Holding company
SMRL El Sinchao de Cajamara	Peru	83.13%	Holding company
Anta Norte S.A.C.	Peru	99.90%	Mineral exploration
Centaurus Holding S.A.C.	Peru	100%	Holding company

During the period ended December 31, 2023, the Company entered into the following transactions with key management personnel and related parties.

a) Double Black Diamond Resources LLC. ("DBD Resources") is a private company controlled by Mr. John Black, CEO and a director of the Company. For the period ended December 31, 2023, DBD Resources was paid $59,324 (2022 - $59,354). Amounts paid to DBD Resources are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

   At December 31, 2023, the Company owed $Nil (September 30, 2023 – $nil) to DBD Resources, which is included in accounts payable and accrued liabilities.

b) For the period ended December 31, 2023, Mr. Fernando Pickmann, President, COO and a director of the Company, was paid or accrued $59,324 in consulting fees (2022 – $59,354). Amounts paid to Mr. Pickmann are classified as management fees in the interim condensed consolidated statements of profit and loss. A law firm at which Mr. Pickmann was a partner was also paid or accrued $2,333 (2022 - $38,374) for legal services. Legal fees paid to Mr. Pickmann's law firm are classified as legal expenses in the interim condensed consolidated statements of profit and loss.

   At December 31, 2023, the Company owed $Nil (September 30, 2023 – $Nil) to Mr. Pickmann and owed $Nil (September 30, 2023 – $Nil) to the law firm at which Mr. Pickmann was a partner which is included in accounts payable and accrued liabilities.

c) Unicus Funds Ltd. ("Unicus") is a private company controlled by Mr. Mark Wayne, CFO and a director of the Company. For the period ended December 31, 2023, Unicus was paid $18,750 (2022 – $18,750). Amounts paid to Unicus are classified as management fees expense in the interim condensed consolidated statements of profit and loss.

   At December 31, 2023, the Company owed $Nil (September 30, 2023 – $ Nil) to Unicus, which is included in accounts payable and accrued liabilities.

d) K.B. Heather & Socios Limitada (The Rock Doctor Limitada) ("K.B. Heather") is a private company controlled by Dr. Kevin B. Heather, Chief Geological Officer of the Company. For the period ended December 31, 2023, K.B. Heather was paid $50,849 (2022 – $50,875). Amounts paid to K.B. Heather are classified as management fees in the interim condensed consolidated statements of profit and loss.

   At December 31, 2023, the Company owed $Nil (September 30, 2023 – $Nil) to K.B. Heather, which is included in accounts payable and accrued liabilities.

e) At December 31, 2023, the Company is owed $28,432 from (September 30, 2023 – owed $4,190 to) Aldebaran Resources Inc., a company with common directors and management.

f) The Company holds 2,000,000 common shares (September 30, 2023 – 2,000,000 common shares) of Highway 50 Gold Corp., a company with a director in common, included within long term investments.

(Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS (continued)

Key Management Personnel:

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors.

The remuneration of directors and other members of key management personnel during the periods ended December 31, 2023 and 2022 are as follows:

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2023			
Chief Executive Officer	$ 59,324	$ 39,833	$
Chief Geological Officer	59,324	36,769	96,09
Chief Financial Officer	18,750	36,769	55,51
Chief Operating Officer	50,849	36,769	87,80
Non-executive directors	-	12,256	12,25
	$ 188,247	$ 162,396	$ 350,834

	Fees and Bonus	Share-based Benefits	Total
Period ended December 31, 2022			
Chief Executive Officer	$ 59,354	$ -	$ 59,354
Chief Geological Officer	50,875	-	50,875
Chief Financial Officer	18,750	-	18,750
Chief Operating Officer	59,354	-	59,354
Non-executive directors	-	5,014	5,014
	$ 188,333	$ 5,014	$ 193,347

7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Other than disclosed elsewhere in these interim condensed consolidated financial statements, the significant non-cash transactions for the periods ended December 31, 2023 and 2022 included:

a) $619,169 (2022 - $1,305,216) in accounts payable and accrued liabilities related to exploration and evaluation assets.

b) $69,000 decrease (2022 - $111,250 decrease) in fair value of long-term investment.

For the period ended December 31	2023	2022
Cash paid for income taxes	$ -	$ -
Cash paid for interest	$ -	$ 2,598

(Expressed in Canadian Dollars)

8. SEGMENTED INFORMATION

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

	Total Assets	Property and Equipment	Exploration and Evaluation Assets	Other Assets
December 31, 2023				
Canada	$ 16,805,752	$ -	$ -	$ 16,805,752
Peru	52,357,021	651,960	51,524,565	180,496
	$ 69,162,773	$ 651,960	$ 51,524,565	$ 16,986,248

	Total Assets	Property, Plant and Equipment	Exploration and Evaluation Assets	Other Assets
September 30, 2023				
Canada	$ 18,752,193	$ -	$ -	$ 18,752,193
Peru	52,550,712	633,106	51,723,583	194,023
	$ 71,302,905	$ 633,106	$ 51,723,583	$ 18,946,216

	2023	2022
Loss for the period ended December 31		
Canada	$ 839,513	$ 503,971
Peru	36,292	755,127
	$ 875,805	$ 1,259,098

9. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, due to related parties, loans payable and accounts payable and accrued liabilities approximate carrying value, which is the amount recorded on the consolidated statements of financial position. The Company's other financial instruments, cash and long-term investments, under the fair value hierarchy, are based on level one quoted prices in active markets for identical assets or liabilities.

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

Credit risk

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

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

9. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

The Company's receivables consist mainly of tax credits and advances receivable. The Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had a cash balance of $16,527,877 to settle current liabilities of $1,108,921. Management believes that it has sufficient funds to meet its current liabilities as they become due.

Market risk

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

a) Interest rate risk

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

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in US$, the Chilean peso ("C-Peso") and the Peruvian nuevo sol ("PEN"). A 10% fluctuation in the US$, PEN against the Canadian dollar would affect accumulated other comprehensive loss for the period by approximately $1,600,000.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions if required resulting in proceeds, which approximate the carrying amount of these investments. A 10% fluctuation in market prices would not have a significant affect on comprehensive (loss) income.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and investments.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

(Expressed in Canadian Dollars)

10. COMMITMENTS

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

		Peru
2023	$	72,436
2024		51,166
2025		51,166
2026		51,166
2027		25,583

11. SUBSEQUENT EVENTS

Subsequent to the period ended December 31, 2023, the Company:

- Granted incentive stock options to directors, officers, employees and consultants to purchase up to 5,225,000 common shares at a price of $0.92 per share for five years, pursuant to its stock option plan. These stock options will vest over a two-year period.
- Granted incentive stock options to a consultant to purchase up to 50,000 common shares at a price of $0.93 per share for five years, pursuant to its stock option plan. These stock options will vest over a two-year period.