

# Regulus Resources Announces Spin-Out of New Company, Aldebaran Resources, with an Option to Acquire a Majority Interest in the Altar Project

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- Regulus shareholders to receive one post-consolidated share of Aldebaran for every three Regulus shares held.
- Aldebaran has secured a financing commitment for US\$30 million at a price of US\$0.96 (approximately CDN\$1.28) per post consolidated Aldebaran share.
- Aldebaran's primary focus will be on the Altar copper-gold project in Argentina, where it has entered into an option agreement to acquire up to an 80% working interest from Sibanye-Stillwater through a combination of cash payments, share issuances and project expenditures.
- Altar contains 2,057 million tonnes of measured and indicated resources at 0.3% copper and 0.1 g/t gold (14.5 billion pounds of copper and 5.2 million ounces of gold) and 557 million tonnes of inferred resources at 0.3% copper and 0.1 g/t gold (3.4 billion pounds of copper and 1.1 million ounces of gold). Aldebaran has engaged Independent Mining Consultants, Inc. of Tucson, Arizona, to prepare a current NI 43-101 resource estimate for Altar, which is expected to be completed in August, 2018.
- Aldebaran believes that the resources at Altar are open to expansion, and there is significant potential for discovery of higher grade and more gold rich zones within the porphyry copper-gold system.
- Aldebaran will also acquire the Rio Grande copper-gold project and other earlier-stage Argentine assets from Regulus, including the drill ready Aguas Calientes gold-silver project.
- Aldebaran will have the same core management team as Regulus and, prior to that, [Antares Minerals Inc.](#)

VANCOUVER, June 29, 2018 - [Regulus Resources Inc.](#) ("Regulus" or the "Company") (TSX-V:REG) is pleased to announce that it has entered into an arrangement agreement (the "Arrangement Agreement") to spin out its Argentine assets, including the Rio Grande and Aguas Calientes projects, into a newly formed company, [Aldebaran Resources Inc.](#) ("Aldebaran"). Under the terms of the Arrangement Agreement, Aldebaran will enter into a joint venture and option agreement (the "JV Agreement") with Stillwater Canada LLC, an indirect subsidiary of Sibanye Gold Limited, trading as Sibanye-Stillwater ("Sibanye-Stillwater"), to acquire up to an 80% interest in [Peregrine Metals Ltd.](#) ("Peregrine"), a wholly-owned subsidiary of Sibanye-Stillwater, that owns the Altar Copper-Gold project in San Juan Province, Argentina ("Altar" or the "Altar Project").

John Black, CEO and a Director of Regulus, stated: "The proposed transaction allows Regulus to remain focused on our flagship AntaKori project in Peru while creating a new, well-financed company to realize value on our Argentine assets and participate in another major copper-gold project. The Altar Project already has a very large copper-gold resource and we see the potential to materially enhance the value of the project through further discovery and delineation of higher-grade zones. The proposed spinout of Aldebaran shares will allow Regulus shareholders to participate in Aldebaran at no cost to them while retaining the full upside potential from the AntaKori Project. The agreement with Sibanye-Stillwater is designed to provide immediate benefits to shareholders of both companies as well as exposure to significant future upside potential from an attractive portfolio of exploration projects."

Neal Froneman, CEO of Sibanye-Stillwater stated: "This transaction is consistent with our strategy of maintaining our focus and investment on our core mining operations. We believe Aldebaran possesses the vision, skills and experience to unlock the considerable upside potential of the Altar Project, in which we will continue to hold a meaningful interest. Consistent with our vision, we believe this partnership with Aldebaran will deliver value for all stakeholders, as the Altar Project is progressed up the value curve."

## Transaction Summary

The proposed spin out of Regulus's Argentine assets will be completed pursuant to a plan of

arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") subject to the completion of a minimum US\$30 million common share financing in Aldebaran (the "Financing", as discussed below) and the execution of definitive closing documents, including the JV Agreement, on closing of the Arrangement (collectively the "Transaction").

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

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

The Transaction requires approval by two-thirds of the votes cast by the shareholders of Regulus at a special meeting of Regulus shareholders expected to be held in Q3 2018, as well as a simple majority of the votes cast by Regulus shareholders excluding Route One (defined below) and its related funds and any other persons required to be excluded from such vote in accordance with Multilateral Instrument 61-101 of the Canadian securities regulatory authorities. The directors and senior officers of Regulus and certain other shareholders including Route One have entered into voting support agreements, totalling 30.4% of the Company's outstanding shares, pursuant to which they will vote their common shares in favour of the Arrangement. In addition to shareholder and court approvals, the Transaction is subject to applicable regulatory approvals and the satisfaction of certain other closing conditions customary for a transaction of this nature. Aldebaran intends to make an application to list its shares on the TSX Venture Exchange.

Full details of the Transaction will be included in the information circular and meeting materials which are expected to be mailed to the shareholders of Regulus in approximately 4-5 weeks. Closing of the Transaction is expected to occur in the third quarter of 2018.

## Financing Summary

As a condition to closing the Transaction, Aldebaran must complete the Financing for a minimum of US\$30 million. In that regard, Aldebaran has entered into a subscription agreement with Route One Investment Company LLC and related funds ("Route One") of San Francisco whereby Route One has committed to provide financing to Aldebaran of US\$30 million at a price US\$0.32 per share (pre-consolidation) or US\$0.96 per share (post-consolidation – approximately CDN\$1.28). Route One is also a significant Regulus shareholder. Closing of the Financing under the Route One subscription agreement is subject to satisfaction of the closing conditions under the Arrangement Agreement and is expected to occur concurrently with and as a part of the closing of the Arrangement. Aldebaran may raise up to an additional US\$10 million in the Financing on the same terms as the Route One subscription.

## Aldebaran Share Consolidation

Aldebaran intends to consolidate its share capital on a 3 for 1 basis on conclusion of the Arrangement (including the Financing) such that on a post-consolidation basis, Aldebaran is expected to have approximately 75 million shares outstanding, implying a market capitalization of C\$96 million based on the Route One subscription price<sup>1</sup>. The consolidation will take effect as part of the Arrangement, with the result that Regulus shareholders will receive one Aldebaran common share for every three Regulus common shares held at the effective time of the Transaction. Existing Regulus shareholders are expected to own 38% of Aldebaran, Route One will receive 42% through the Financing (bringing its total interest to 48%) and Sibanye-Stillwater will receive 19.9% of the outstanding Aldebaran shares upon completion of the Transaction, assuming that the Financing is for US\$30 million only.

<sup>1</sup> Assumes fully diluted in-the-money shares for Regulus.

## Aldebaran Projects

The Altar Cu-Au Porphyry Project is located in San Juan Province, Argentina approximately 10 km from the

Chile-Argentina border and approximately 180 km west of the city of San Juan (see figure 1). The operating Pelambres copper mine of Antofagasta Minerals is located approximately 25 km to the south (in Chile) and other nearby large porphyry copper projects include El Pachon (Glencore) and Los Azules (McEwen Mining) in Argentina. Altar hosts a large porphyry copper-gold system with mineralization currently defined in three distinct zones – Altar East, Altar Central and the recently discovered QDM-Radio Porphyry zone, about 3 km to the west of Altar Central. Mineralization at all of these porphyry deposits is associated with Miocene intrusive centers emplaced into Miocene volcanic rocks and is dominantly copper or copper-molybdenum. Altar is noteworthy for having relatively higher gold grades associated with the copper mineralization compared to the aforementioned nearby porphyry systems.

The Altar Project was first explored and drilled by CRA/Rio Tinto (7 holes – 2,841 m) in 1995-2004. Peregrine, a Canadian exploration company, subsequently optioned the property from Rio Tinto in 2005. Peregrine expanded the property and completed 56,761 m of drilling in 146 drill holes from 2005-2011 to define an initial mineral resource estimate at Altar Central and Altar East.

In October 2011, [Stillwater Mining Company](#) (“Stillwater”) acquired Peregrine for approximately US\$490 million and in the subsequent period of 2012-2013 completed an additional 38,380 m of drilling in 80 holes to further define estimated mineral resources at Altar Central and Altar East. The estimated mineral resource for the Altar Project, based on drilling through 2013, consists of 2,057 million tonnes of measured and indicated resources at 0.3% copper and 0.1 g/t gold (14.5 billion pounds of copper and 5.2 million ounces of gold) and 557 million tonnes of inferred resources at 0.3% copper and 0.1 g/t gold (3.4 billion pounds of copper and 1.1 million ounces of gold). As stated above, Aldebaran expects to file an updated NI 43-101 report in connection with the filing of the information circular in respect of the Transaction by August, 2018.

In 2014, Stillwater refocused on platinum group metals production and Altar was determined to be a non-core asset. Exploration at Altar has been fairly limited since that time with principal activities in 2014 and 2015 limited to surface mapping and the collection of baseline environmental data. A smaller drill campaign in 2016 (4,931 m in 8 holes) resulted in the discovery of the upper QDM zone, which is dominantly a gold stockwork zone with minor copper values. Additional limited drilling in 2017 (5,630 m in 7 holes) further defined the QDM zone and discovered higher grade copper-gold mineralization at depth. A complete summary of the significant results from Altar, including drilling by Stillwater in the 2012, 2013, 2016 and 2017 drilling campaigns is available on the Sibanye-Stillwater website ([www.sibanyestillwater.com/our-business/americas/projects/altar](http://www.sibanyestillwater.com/our-business/americas/projects/altar)). Mineralization at Altar remains open in several directions laterally and to depth with multiple holes terminating in higher grade copper-gold mineralization (see figures 2 and 3). Aldebaran believes that there is potential to expand these areas of higher grade. Examples of some of the more notable intercepts are summarized below.

#### Altar East

Drill hole	From (m)	To (m)	Length (m)	Cu %	Au g/t	Cu Eq%
ALD 173	12.00	941.00	929.00	0.44	0.24	0.62
including	324.00	860.00	536.00	0.57	0.34	0.82
ALD 176	72.00	951.25	879.25	0.53	0.29	0.76
including	456.00	951.25	495.25	0.71	0.39	1.01

#### Altar Central

Drill hole	From (m)	To (m)	Length (m)	Cu %	Au g/t	Cu Eq%
ALD 043	210.00	1009.70	799.70	0.69	0.06	0.73
including	210.00	292.00	82.00	0.96	0.08	1.03
and	576.00	951.80	375.80	0.85	0.04	0.89
ALD 049	132.00	951.60	819.60	0.62	0.10	0.70
including	264.00	616.00	352.00	0.78	0.17	0.91

#### QDM-Radio Porphyry

Drill hole	From (m)	To (m)	Length (m)	Cu %	Au g/t	Cu Eq%
QDM 034	634.00	1006.00	372.00	0.59	0.46	0.95
including	840.00	940.00	100.00	1.07	0.96	1.82
including	852.00	918.00	66.00	1.32	1.22	2.27
including	882.00	918.00	36.00	1.72	1.62	2.99

Reported intervals based on cutoffs of 0.2% CuEq and 0.5% CuEq.  
$$\text{CuEq} = \text{Cu}\% + ((\text{Au ppm} * \$/\text{oz Au} + \text{Ag ppm} * \$/\text{oz Ag}) / (22.0462 * 31.1035 * \$/\text{lb Cu}))$$
  
CuEq metal prices used are: Cu = US\$2.25/lb, Au = US\$1,100/oz and Ag = US\$14/oz

Sibanye acquired Stillwater in 2017 and the Altar Project was further deemed to be non-core to Sibanye-Stillwater. Regulus subsequently completed an extensive review of the project and entered into discussions with Sibanye-Stillwater which led to the current agreement. Sibanye-Stillwater has completed additional drilling at Altar in the period of February to May of 2018 (4,923 m of drilling in 3 new holes and one extension of an existing hole). As part of the Transaction, Aldebaran will compensate Sibanye-Stillwater for the 2018 drilling costs. Regulus (Aldebaran) will begin to receive the 2018 drill results from Sibanye-Stillwater upon this announcement of the agreement and will disclose those results in a press release when the results are complete and have passed QAQC protocols.

The Rio Grande Cu-Au-Ag-Mo Porphyry Project is 100% owned by Regulus and is located in Salta Province in NW Argentina. It is favourably located along the prominent NW-trending Archibarca Lineament which also controls the location of the world-class Escondida porphyry Cu deposit (BHP-Billiton), 150 km to the west-northwest in Chile. The Rio Grande deposit is located approximately 80 km due south of the large Taca Taca porphyry Cu-Mo deposit (First Quantum Minerals) and approximately 10 km west of the Lindero Au porphyry deposit (Fortuna Silver). Cu-Au-Ag mineralization at Rio Grande is hosted within a Tertiary intrusive-volcanic complex and occurs within a distinct 2-km diameter ring-shaped fracture zone defined by IP chargeability, as well as Cu- and Au-soil geochemical anomalies.

Extensive exploration and drilling was completed at Rio Grande by [Antares Minerals Inc.](#) (&ldquo;Antares&rdquo;) in the period of 2004-2008. In early 2009, the Global Economic Crisis forced Antares to put the Rio Grande project on hold while it focused on its Haquira Cu-Mo-Au project in Peru. No significant work was completed at the Rio Grande project from 2009-mid 2011. In December 2010, Antares was sold to First Quantum Minerals for \$CDN 650 million and the Rio Grande project along with \$5 million in cash was spun into a new company, [Regulus Resources Inc.](#)

An initial NI 43-101 resource estimate was prepared in 2011 on the basis of 78 drill holes (33,015 m) and 11,294 m of surface trenches and includes all drilling on the project through to the end of 2008 (Wardrop NI 43-101 report of January 19, 2012 &ndash; filed on SEDAR). The estimated mineral resource at Rio Grande includes 55.3 million tonnes of indicated resource at a grade of 0.36 g/t Au and 0.34% Cu (0.64 million oz contained Au and 0.4 billion lbs contained copper) and an inferred resource of 101.1 million tonnes at a grade of 0.31 g/t Au and 0.30% Cu (1.00 million oz contained Au and 0.7 billion lbs contained copper).

Regulus completed extensive additional drilling in 2011 and 2012 at Rio Grande (39,995 m in 48 drill holes) and a short drilling program was completed at the nearby Cerro Cori target in 2013-14 (1,200 m in 4 holes). Results from those drill programs have previously been released by Regulus. In 2012, Regulus merged with Pachamama Resources to acquire a 100% interest in the Rio Grande project. Activities at Rio Grande have been suspended since 2014 as Regulus has focused on the AntaKori Cu-Au project in Peru.

Regulus is also contributing, among other earlier stage assets, the Aguas Calientes property located in northwestern Argentina in Jujuy Province. Aguas Calientes hosts epithermal precious metals mineralization in Tertiary volcanic rocks. Two distinct zones of alteration and mineralization have been identified and are characterized by abundant, well-mineralized float boulders in zones of silica-sericite-clay alteration. The boulders are strongly silicified and given their distribution, size and angularity, it is likely that they reflect a nearby source in the underlying bedrock. Gold values from the float boulders are commonly in the 0.5 to 5 g/t range but are locally as high as 41 g/t and are accompanied by significant silver. The project has had limited previous drilling (2,818 m in 20 drill holes by previous operators) but Regulus believes that drilling was not focused in the correct areas and that a significant target remains. The project has drill ready targets and is permitted for a drill program.

### **Aldebaran Leadership Team**

Aldebaran will be led by John Black as Chief Executive Officer, Dr. Kevin B. Heather (FAusIMM) as Chief Geological Officer and Mark Wayne as Chief Financial Officer, each of whom currently serves in the same capacity with Regulus. Both Aldebaran and Regulus are actively searching for additional personnel to supplement their management teams. The Board of Aldebaran will include John Black, Dr. Kevin B. Heather, Mark Wayne, Fernando Pickmann, and Gordon Leask. Aldebaran has also agreed to provide each of Sibanye-Stillwater and Route One the right to nominate one member to its board.

## **Boards of Directors Recommendation**

The Board of Directors of Regulus formed a Special Committee of independent directors (the "Special Committee") to review the proposed Transaction. The Special Committee received a fairness opinion from PI Financial Corp. that, based upon and subject to the assumptions, limitations, and qualifications stated in such opinion, the consideration to be received by Regulus shareholders pursuant to the Transaction is fair, from a financial point of view, to Regulus shareholders. Based on the recommendations of the Special Committee, the Board of Directors of Regulus has unanimously determined that the Transaction is in the best interests of the Company and is fair to its shareholders and accordingly has unanimously approved the Transaction and resolved to recommend that its shareholders vote in favor of the Transaction.

## **Advisors**

Maxit Capital LP is acting as financial advisor to Regulus and Aldebaran, Dentons Canada LLP is acting as legal counsel to Regulus and Aldebaran, Richards Kibbe & Orbe LLP is acting as U.S. legal counsel and Goodmans LLP as Canadian legal counsel to Route One, Linklaters LLP is acting as counsel and Stikeman Elliot LLP as Canadian legal counsel to Sibanye-Stillwater. PI Financial Corp. provided the fairness opinion to the Special Committee.

## **About Regulus Resources Inc.**

Regulus is an international mineral exploration company run by an experienced technical and management team, with a portfolio of precious and base metal exploration properties located in North and South America. The principal project held by Regulus is the AntaKori copper-gold-silver project in northern Peru. The AntaKori project currently hosts an inferred resource of 294.8 million tonnes with a grade of 0.48% Cu, 0.36 g/t Au and 10.2 g/t Ag based upon 17,950 m of drilling by previous operators (see Southern Legacy Minerals press release of July 3rd, 2012 - Southern Legacy Minerals and Regulus merged in 2014 and kept the name [Regulus Resources Inc.](#)). Mineralization remains open in most directions and a significant drilling campaign is currently underway to confirm and increase the size of the resource.

For further information on Regulus Resources Inc. or Aldebaran Resources, please consult our website at [www.regulusresources.com](http://www.regulusresources.com) or contact:

### [Regulus Resources Inc.](#)

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## **Qualified Person**

The scientific and technical data contained in this news release pertaining to the Altar, Rio Grande, Aguas Calientes and other projects has been reviewed and approved by Dr. Kevin B. Heather, B.Sc. (Hons), M. Sc, Ph.D, FAusIMM, FSEG, Chief Geologic Officer of Regulus, who serves as the qualified person (QP) under the definitions of National Instrument 43-101.

## **Reader Advisories**

*Completion of the Transaction is subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance and disinterested shareholder approval. The Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the information circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon.*

*The TSX Venture Exchange has in no way passed upon the merits of the Transaction and has neither approved nor disapproved of the contents of this press release. This press release is not an offer of the*

*securities for sale in the United States. The securities have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from registration. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful.*

### **Forward-Looking Statements**

*This press release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking statements or information. In particular this press release contains forward-looking statements and information relating to the completion of the Arrangement and the timing thereof; the timing of closing, amount of, and the use of proceeds of the Financing; the funding of the purchase price of the upfront cash payments to Sibanye-Stillwater; the funding of the carried amounts under the JV Agreement; the anticipated benefits to be obtained as a result of the Transaction; the business, operations and development plans of Aldebaran and the anticipated directors and officers of Aldebaran. Although Aldebaran believe that the expectations and assumptions on which the forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because Aldebaran cannot give any assurance that they will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements and information is based on certain key expectations and assumptions made by management of Aldebaran, including expectations and assumptions concerning: the satisfaction of all conditions to the closing of the Transaction and on the time frames contemplated. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including but not limited to: risks related to the receipt of all necessary approvals for the Transaction and the Financing, risks related to the Rio Grande project, the Altar Project and the Aguas Calientes project; risks related to international operations; risks related to general economic conditions, actual results of current exploration activities, unanticipated reclamation expenses; changes in project parameters as plans continue to be refined; fluctuations in prices of metals including copper and gold; fluctuations in foreign currency exchange rates, increases in market prices of mining consumables, possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in the completion of exploration, development or construction activities, changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which Regulus and Aldebaran operate. Regulus and Aldebaran caution that the foregoing list of risks and uncertainties is not exhaustive.*

*The forward-looking statements and information contained in this press release are made as of the date hereof and Regulus and Aldebaran undertake no obligation to update publicly or revise any forward-looking statement or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

Photos accompanying this announcement are available at  
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