



Dear Shareholder,

The following is a brief summary of the tax consequences to Canadian resident shareholders (other than financial institutions) that dealt with Regulus Resources Inc. ("Regulus" or the "Company") arising from the distribution of the shares of Aldebaran Resources Inc. ("Aldebaran") that took place on October 25, 2018, assuming that the shareholder deal with Regulus on an arms-length basis and held their Regulus shares as "capital property". This information is general only and should not be relied upon as formal tax advice.

- The distribution of Aldebaran shares was not a dividend for a Regulus shareholder.
- The distribution of the Aldebaran shares would not result in a capital gain to a Regulus shareholder unless the "fair market value" of the Aldebaran shares exceeds the shareholder's cost base of their Regulus shares at the time of the distribution.
- The cost base of any Aldebaran shares received on the distribution is equal to the "*fair market value*" of those shares on October 25, 2018.
- Based on the trading price of the Aldebaran shares over the first three days of trading, Regulus management has determined that CAD \$.60 is a reasonable price to use as the "*fair market value*" of the Aldebaran shares for the purpose of determining the cost base of those shares on distribution.
- A shareholder's cost base for any Regulus shares that received the Aldebaran share distribution should be reduced by the "*fair market value*" of the Aldebaran shares that were received. As noted above, Regulus has set the "*fair market value*" of the Aldebaran shares at CAD \$.60 per share. As the distribution rate was one Aldebaran share for every three Regulus shares, a shareholder's cost base should be reduced by CAD \$.20 per share for any Regulus shares held on October 25, 2018.

For a more complete description of the tax consequences arising from the Aldebaran share distribution, shareholders should refer to income tax section contained in the Management Information Circular of Regulus dated August 22, 2018 (the "Circular") and prepared by the Company in connection with the spin-out transaction. [\(Nelson - insert link to document #2\)](#). A copy of this Circular can be found on the Company's website or SEDAR. Shareholders are encouraged to read the entire tax section and to consult with their own tax advisors if they have any questions.

**The tax section linked above also includes a section dealing with United States federal income tax considerations. Regulus shareholders who are subject to US income tax should refer to that section as and consult with their own tax advisors.**

Regulus Resources Inc.