



Dear Shareholder,

The following is a brief summary of the tax consequences to Canadian resident shareholders (other than financial institutions) of Regulus Resources Inc. ("Regulus" or the "Company") arising from the exchange of their existing shares of Regulus (the "old Regulus shares") for new Regulus shares and the distribution of the shares of Aldebaran Resources Inc. ("Aldebaran") that took place on October 25, 2018, assuming that the shareholder dealt with Regulus on an arm's-length basis and held their old 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 is not a dividend for a Regulus shareholder.
- The distribution of the Aldebaran shares does not result in a capital gain to a Regulus shareholder unless the "fair market value" of the Aldebaran shares received by the Regulus shareholder exceeds the shareholder's cost base of their old Regulus shares at the time of the distribution.
- The cost base of the 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\$0.60 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 and any capital gain discussed above.
- A shareholder's cost base for the new Regulus shares received 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\$0.60 per share. As the distribution rate was one Aldebaran share for every three old Regulus shares, a shareholder's cost base of their Regulus shares should be reduced by CAD\$0.20 per share for any Regulus shares held on October 25, 2018.

Example:

A Canadian resident shareholder owned 6,000 Regulus shares which were originally acquired at a total cost of \$6,000. On October 25, 2018, these shares were exchanged for 6,000 new Regulus shares and 2,000 Aldebaran shares.

This shareholder will have no capital gain as a result of the exchange as the fair market value of the Aldebaran shares received of \$1,200 (2,000 shares x \$.60) is less than the \$6,000 adjusted cost base of the shareholder's old Regulus shares. Going forward, the adjusted cost base of the 2,000 Aldebaran shares is \$1,200 and the adjusted cost base of the new Regulus shares is \$4,800 (\$6,000 original cost less \$1,200 fair market value of the Aldebaran shares received).

For a more complete description of the tax consequences arising from the share exchange and 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. A copy of this Circular can be found on SEDAR at [SEDAR - REGULUS](#). 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 well and consult with their own tax advisors.

Regulus Resources Inc.
