

Regulus and Pachamama Announce Agreement to Merge, Proposed Financing and New Drill Results

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WATERDOWN, ONTARIO -- ([Marketwire](#) - Feb. 8, 2012) - [Regulus Resources Inc.](#) ("Regulus")(TSX VENTURE: REG) and [Pachamama Resources Ltd.](#) ("Pachamama")(TSX VENTURE: PMA) are pleased to announce the signing of a binding letter of intent dated February 8, 2012 (the "LOI") that provides for a merger of the two companies (the "Merger"). Regulus and Pachamama each own a 50% interest in the Rio Grande copper-gold porphyry project in Salta Province, Argentina. The two companies also intend to complete an equity financing of a minimum of \$20 million in conjunction with the Merger in order to carry out the next phase of exploration on the Rio Grande project. [First Quantum Minerals Ltd.](#) ("First Quantum", FM TSX) has agreed to subscribe for that number of units of the proposed financing that will result in First Quantum owning 9.9% of the merged company. First Quantum currently owns approximately 9.9% of the outstanding shares of Regulus and no shares of Pachamama.

Wayne Hewgill, President of Regulus, and John M. Leask, President of Pachamama, commented as follows:

"The objective of the proposed merger is to combine our respective 50% interests in the Rio Grande copper-gold porphyry project in Argentina into one company. This will better position us to move forward with an aggressive drill program in 2012 to test the recent high- grade discovery hole (RGR-11-086) encountered in the Southwest Zone (see press releases of each of Regulus and Pachamama issued Dec 14, 2011) and to test other priority target areas on the property. Exploration to date has demonstrated that Rio Grande is a large, mineralized porphyry system that warrants an extensive drill program. Management of both companies believe that unitizing ownership of the Rio Grande project into a single company will enhance value for both Regulus and Pachamama shareholders as exploration of Rio Grande is aggressively pursued. We are delighted to have the support of First Quantum for this transaction. We intend to proceed quickly to complete the documentation and to call shareholder meetings as required to approve the Merger."

While management of both companies are strongly supportive of the proposed Merger, readers are cautioned that completion thereof is subject to several conditions including execution of formal documentation, regulatory approvals including approval of the TSX Venture Exchange (the "TSXV"), shareholder approvals, confirmatory diligence and closing of the proposed financing. No assurance can be given at this time that the proposed Merger will be completed or that the terms of the Merger and financing will not change materially from those described below.

Merger Terms

The LOI provides that the Merger will be based on the relative valuations of Regulus and Pachamama as agreed to by management of the two companies. Most of the value of each company is derived from its respective 50% interest in the Rio Grande project. After adjustments to account for estimated current working capital balances and for value ascribed to other assets of each company, an exchange ratio of 0.815 shares of Regulus for each share of Pachamama has been agreed to. If there is a difference in the financial information on the date of execution of the definitive agreement in respect of the Merger that would result in a difference in the foregoing exchange ratio of greater than 0.001 of a share; the parties have agreed to adjust the exchange ratio to reflect such difference.

The specific structure of the Merger has not yet been finalized but the parties will agree on the best way to effect the Merger having regard to all applicable corporate, tax and securities issues, including applicable laws and regulations in Argentina.

Financing Terms

Regulus and Pachamama intend to complete an equity financing (the "Financing") in conjunction with the

Merger of a minimum of \$20 million. The proposed Financing will be in the form of subscription receipts of Regulus at a price of \$1.15 per subscription receipt, which will convert into units of the resulting issuer. Each unit will consist of one share and one half of a common share purchase warrant. The warrants will be exercisable at \$1.60 for a period of 24 months from closing of the Financing into escrow. Proceeds from the Financing will be placed in escrow on closing of the Financing and will be released to the Resulting Issuer upon closing of the Merger.

First Quantum has agreed to subscribe for that number of units of the proposed Financing that will result in First Quantum owning 9.9% of the resulting issuer. First Quantum currently owns approximately 9.9% of the outstanding shares of Regulus and no shares of Pachamama. The resulting issuer will also grant First Quantum a contractual pre-emptive right to maintain its 9.9% equity interest in the resulting issuer in the event of future financings.

Regulus has retained Dundee Capital Markets to lead this Financing and the syndicate will also include Axemen Resource Capital Ltd.

About The Resulting Issuer

Name and Stock Exchange Listing

The parties have agreed that the resulting issuer will retain the name of Regulus Resources Inc. Regulus will apply to list the common shares issuable in connection with the Merger and the Financing on the TSX.V upon completion of the Merger.

Share Capital

Based on the current share capital of Regulus and Pachamama, the resulting issuer will have approximately 76,687,365 million shares outstanding at closing of the Merger (not including the proposed Financing). All outstanding options of Pachamama will be exercised immediately prior to the effective date of the Merger.

Senior Management

The proposed executive officers of the resulting issuer will be as follows:

Chief Executive Officer: John Black.

Mr. John Black is an economic geologist with 30 years of global exploration experience. He received his Master's degree in Geology - Ore Deposits Exploration from Stanford University in 1988. Mr Black was most recently the President and CEO of Antares Minerals Inc. ("Antares") a position he held from May of 2004 until the sale of Antares to First Quantum in December of 2010. Prior to his work with Antares, Mr. Black was Western Mining Corporation's Technical Exploration Manager for porphyry copper exploration in Chile and Peru, and Principal Geologist for Rio Tinto, Kennecott's parent corporation, exploring for porphyry copper deposits in northern Chile and Ecuador.

Chief Operating Officer: Wayne Hewgill

Mr. Hewgill is a Professional Geoscientist with over 25 years of experience in the mineral exploration industry in Canada, Australia, New Zealand, Zimbabwe and South Africa. He has been the President and CEO of Regulus from December 2010 to the present. Prior thereto he was Vice President, Corporate Development with Antares and before that he spent five years as a mining analyst for two Canadian financial institutions focusing on early and advanced stage exploration companies. He holds a B.Sc. in Geology from the University of British Columbia and is registered as a Professional Geoscientist (P.Geo) with APEGBC.

Chief Financial Officer: Mark Wayne

Mr. Wayne is a former lawyer and he holds a Chartered Financial Analyst designation. He has raised money for, and has served as a director or officer of, a number of public and private companies in the mining, oil and gas and technology sectors. Mr. Wayne was a co-founder and the Chief Financial Officer of Antares until its sale in 2010.

Advisory Board - Technical Committee Chairman: Dr. Kevin B. Heather

The resulting issuer expects to form a Technical Committee in order to provide additional technical expertise to the company. Dr. Kevin B. Heather has agreed to serve as Chairman of the Technical Committee. Dr. Heather is an economic geologist with more than 30 years of field experience in North and South America. He received a BSc. (honours) degree in geology from the University of British Columbia in 1982, a MSc. degree in geology from Queen's University in 1985, and a PhD. degree from the University of Keele (Keele, England) in 2001. Dr. Heather served as VP Geology with Antares from 2004 until the sale of Antares in 2010. Prior to that, Dr. Heather worked as a consultant and as geologist for Barrick Gold and AngloGold Ashanti.

Dr. Heather in conjunction with company management will look to add new members with a special focus on adding recognized geological, metallurgical, and engineering professionals to the committee to guide advancement of the Rio Grande project.

Board of Directors

The LOI contemplates that the Board of Directors of the resulting issuer will initially consist of five members, namely John Black, Mark Wayne and Jim McDonald, each of whom is currently a director of Regulus, and John Leask and Gordon Leask, each of whom is currently a director of Pachamama. Brief bios of the non-management directors are as follows:

John M. Leask: Director

John Leask has a Bachelor of Applied Science degree in geological engineering from the University of British Columbia and is a Professional Engineer. He has served as a director of Mansfield Minerals Inc. since June 1998 and as president of Pachamama since its inception in 2008. Mr. Leask was the President and CEO of White Knight Resources Ltd. until its takeover by U.S. Gold Corporation in 2007. Mr. Leask has 30 years of experience in the exploration and mining business at all levels.

Gordon. P. Leask: Director

Gord Leask has a Bachelor of Applied Science degree in geological engineering from the University of British Columbia and is a Professional Engineer. He has served as President of Mansfield Minerals Inc. since 1991 and was a director of White Knight Resources Ltd. until its takeover by U.S. Gold Corporation in 2007. Mr. Leask has over 26 years' experience in the exploration and mining business.

James McDonald, B.Sc., P Geol.: Director

Mr. McDonald began a 25 year career in the mining industry working as a project geologist with Noranda Explorations Ltd. Mr. McDonald has been a founding member in developing several successful junior exploration companies such as White Knight Resources, Black Bull Resources and National Gold (now Alamos Gold Inc.). Mr. McDonald is currently the President and CEO of Kootenay Gold Inc.

Break Fee

Each company has agreed to pay the other company a break fee of \$1.2 million if the proposed Merger is not completed because the parties fail to recommend to their respective shareholders to vote in favour of the Merger at a duly called meeting of shareholders, or a party accepts a proposal to complete an alternative transaction.

Lock-Ups

Each of the directors or officers has agreed to enter into lock-up agreements to irrevocably support the Merger. Collectively the directors and officers of Pachamama, following exercise of all options, will hold 8,424,536 Pachamama shares (17.5%) and the directors and officers of Regulus hold 2,607,719 Regulus shares (7.1%).

Business of the Resulting Issuer

On successful completion of the Merger, the resulting company will focus on the exploration and development of its 100% owned Rio Grande copper-gold porphyry project. Rio Grande is located in the Puna region of Salta Province, northwestern Argentina, approximately 450km west of the city of Salta. Mineralization occurs within a distinct 2-km diameter ring-shaped fracture zone that was the focus of the pre-2011 drilling. In December, 2011, Regulus and Pachamama announced the results of an initial 43-101 resource estimate on the property, based on drilling to the end of 2008. The resource estimate included 637,025 oz gold and 416 million lbs copper in the indicated category and 1,002,458 oz gold and 674 million lbs copper in the inferred category.

To view Table 1: Resource Highlights, please visit the following link:

<http://media3.marketwire.com/docs/208table.jpg>.

Recent Results at Rio Grande

On December 14, 2011, Regulus and Pachamama released results from five additional drill holes from the current 15,000 metre drilling program at Rio Grande. These include results from drill hole RGR-11-86 which discovered a new gold-rich, high-grade copper-gold zone. Specifically, drill hole RGR-11-86 intersected three main mineralized intervals, including the best intercept encountered to-date at Rio Grande, as follows:

- 1) An upper, gold-dominant oxide zone of 49.60 metres with 0.26% Cu, 1.34 g/t Au, and 3.10 g/t Ag starting at a depth of 64 metres.
- 2) A zone of gold-rich, high-grade copper-gold-silver sulphide mineralization starting at a depth of 293 metres with an interval of:
 - 257.2 metres grading 0.53% Cu, 1.20 g/t Au, 1.59 g/t Ag (1.19% Cu Eq or 2.39 g/t Au Eq) including
 - 54.5 metres with 1.34% Cu, 4.52 g/t Au, and 2.68 g/t Ag (3.79% Cu Eq or 7.58 g/t Au Eq).
- 3) A lower copper-gold-silver-molybdenum sulphide zone with 120 metres containing 0.33% Cu, 0.34 g/t Au, 5.95 g/t Ag, and 0.011% Mo (0.61% Cu Eq) starting at a depth of 598 meters.

This hole is considered a significant breakthrough at Rio Grande and future drilling will focus primarily on delineating this new zone.

The above samples were analysed with the following methods: Au - 30 g FA with AA Finish, Cu - four acid digestion for trace Cu and four acid digestion and AAS for ore grade Cu, 35 element Aqua Regia ICP-AES.

New Drill Results

Regulus and Pachamama hereby announce results from five previously unreported drill holes from the current 15,000 metre drilling program Rio Grande.

Results are presented from drill holes RGR-11-087 through RGR-11-91. The more significant results include the following:

- RGR-11-087 - Intersected a strongly altered diorite intrusive with broad low-grade Cu- Au mineralization averaging 0.13 g/t Au and 0.08% Cu over 150 metres. Lithology and alteration are distinctly different from nearby drill hole RGR-11-086 and more closely resemble the strongly altered central portion of the system.
- RGR-11-088 - Encountered a new zone of oxide gold mineralization with 104.5 metres averaging 0.66 g/t Au beginning at the surface, including 35 metres with 1.03 g/t Au. This is the second intercept of near-surface oxide gold mineralization found in the Southwest Zone. This new near-surface zone may relate to similar mineralization in the upper portion of drill hole RGR-11-086, 550 metres to the south.
- RGR-11-091 was lost at 500 metres depth in Cu-Au mineralization due to mechanical issues. The hole ended in increasingly strong fine grained disseminated copper sulphide mineralization with 11.3 metres averaging 0.57% Cu, 0.48 g/t Au and 3.47 g/t Ag.

RGR-11-087 SW Zone From To Metres Cu Au g/t Ag g/t Cu Eq Mineral Zone
TD- 969.50 264.00 274.00 10.00 0.05% 0.24 0.24 N/A Oxide
RGR-11-088 Central From To Metres Cu Au g/t Ag g/t Cu Eq Mineral Zone
TD - 1115.60 2.00 106.50 104.50 0.09% 0.66 1.40 N/A Oxide
including 71.50 106.50 35.00 0.04% 1.03 2.54 N/A Oxide

RGR-11-090 Central From To Metres Cu Au g/t Ag g/t Cu Eq Mineral Zone
TD 966.80 195.00 228.00 33.00 0.14% 0.28 0.55 0.28% Oxide
RGR-11-091 Central From To Metres Cu Au g/t Ag g/t Cu Eq Mineral Zone
TD 501.70 263.00 297.00 34.00 0.07% 0.25 5.81 N/A Oxide
392.00 498.00 120.00 0.28% 0.32 1.48 0.46% Sulphide
including 486.70 498.00 11.30 0.57% 0.48 3.47 0.86% Sulphide

Table 2: Assay results RG-11-087 to RGR-11-091

Advisors and Counsel

Regulus' financial advisor is Dundee Capital Markets and its legal counsel is Burnet, Duckworth and Palmer LLP. Pachamama's financial advisor is Axemen Resource Capital Ltd. and its legal counsel is McCarthy Tétrault LLP.

About Regulus Resources Inc.

Regulus Resources Inc. (TSX VENTURE:REG) is a mineral exploration company formed in December, 2010 in connection with the sale of Antares to First Quantum Minerals Ltd. (TSX:FM). Regulus is currently exploring the Rio Grande copper-gold porphyry project in Salta Province of NW Argentina on a 50/50 joint-venture basis with Pachamama.

About Pachamama Resources Ltd.

Pachamama is a mineral exploration company which was formed in October 2008 as a spin-out from Mansfield Minerals Inc (TSX VENTURE:MDR). The principle asset of the company is its 50% interest in the Rio Grande copper-gold porphyry project in Salta Province Argentina. The company has the same management team as Mansfield Minerals Inc.

About First Quantum Minerals Ltd.

First Quantum (TSX:FM)(LSE:FQM)(LuSE:FQMZ) is a rapidly growing mining and metals company with two operating mines in Zambia and Mauritania. First Quantum also has five development projects in Australia, Finland, Zambia and Peru. The company currently produces copper and gold from the Kansanshi Mine in Zambia and the Guelb Moghrein Mine in Mauritania. First Quantum expects to be among the global leaders in nickel production once its Ravensthorpe and Kevitsa projects are in steady-state production in 2012.

All of Regulus' exploration programs and pertinent disclosure of a technical or scientific nature are prepared by, or under the direct supervision of, Wayne Hewgill, P.Geo, and Regulus' President, who serves as Regulus' qualified person (QP) under the definitions of National Instrument 43-101.

All of Pachamama's exploration programs and pertinent disclosure of a technical or scientific nature are prepared by, or under the direct supervision of, John M. Leask, P.Eng., President and CEO of Pachamama, who serves as Pachamama's qualified person (QP) under the definitions of National Instrument 43-101.

Regulus' security, chain of custody and quality control is described on their website and can be reviewed at: <http://www.regulusresources.com/BestPractices/SamplingMethodologies.aspx>

Forward Looking Information

Certain statements regarding Regulus and Pachamama, including management's assessment of future plans and operations, may constitute forward-looking statements under applicable securities laws and necessarily involve known and unknown risks and uncertainties, most of which are beyond Regulus' and Pachamama's control. Often, but not always, forward-looking statements or information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Specifically, and without limitation, all statements included in this press release that address activities, events

or developments that either Regulus or Pachamama expect or anticipate will or may occur in the future, including the proposed merger and financing as described herein, and management's assessment of future plans and operations and statements with respect to the completion of the anticipated drilling program, may constitute forward-looking statements under applicable securities laws and necessarily involve known and unknown risks and uncertainties, most of which are beyond Regulus' and Pachamama's control. These risks may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward- looking statements. Although Regulus and Pachamama believe that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct

Regulus and Pachamama do not undertake any obligation to publicly update or revise any forward- looking statements other than required by applicable securities law.

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.

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