



REGULUS AND SOUTHERN LEGACY ANNOUNCE AGREEMENT TO MERGE

May 20, 2014, (Calgary, Alberta) – **Regulus Resources Inc.** ("**Regulus**", REG TSX.V) and **Southern Legacy Minerals Inc.** ("**Southern Legacy**", LCY TSX.V) are pleased to announce the signing of a binding agreement dated May 19, 2014 (the "**Agreement**") that provides for a merger of the two companies (the "**Merger**"). The resulting company will maintain the name "Regulus Resources Inc." and will have a strong balance sheet, a management team with a successful track record in mineral exploration, and a robust portfolio of projects that includes two large copper-gold projects in Peru and Argentina along with early stage gold prospects in Nevada and Chile.

John Black, President and Chief Executive Officer of Regulus, commented as follows:

"We have reviewed numerous mineral projects over the past few years and we believe that the AntaKori copper-gold project held by Southern Legacy will provide us with an exceptionally good opportunity to create significant shareholder value. The project is located nearby several large-scale gold and copper-gold deposits and has an initial NI 43-101 resource outlined of almost 300 million tonnes with attractive grades of copper and gold. We are confident that further work will expand the current deposit to a size that will be of interest to major mining companies. I am excited at the prospect of working in Peru again with a management team that will include many of my colleagues from Antares Minerals Inc. The proposed merger with Southern Legacy will provide an even stronger platform than we had at Antares with a Peruvian listing, a strong Peruvian shareholder base and senior management domiciled in Peru with excellent political, legal and social contacts".

Fernando Pickmann, Chief Executive Officer of Southern Legacy, commented as follows:

"The proposed merger with Regulus will give our shareholders access to capital that has been very difficult to obtain over the past few years, along with a successful management team that has a proven track record in exploring and developing world-class mineral deposits. We believe that this merger provides our shareholders with the best opportunity to realize the potential of the AntaKori deposit along with exposure to the properties that are currently held by Regulus".

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 and confirmatory diligence. No assurance can be given at this time that the proposed Merger will be completed or that the terms of the Merger will not change materially from those described below. The companies expect that a definitive Arrangement Agreement in respect of the transaction will be signed within 10 business days.

Mineral Projects of the Combined Entity

The combined entity resulting from the merger of Regulus and Southern Legacy will have an excellent pipeline of copper-gold and gold projects in Peru, Argentina, Chile and the USA. Three of the four principal projects, as described in more detail below, have early stage, 43-101 compliant resources defined as outlined in Table 1. The primary focus of Regulus after the merger will be Southern Legacy's AntaKori Cu-Au-Ag project in northern Peru. This project has a preliminary 43-101 inferred resource of 294 million tonnes grading 0.48% Cu and 0.36 g/t Au (please refer to Southern Legacy news release of July 3, 2012). The resource is based on only 17,000 m of drilling,

is only reported for the portion of the mineralized system that is owned or controlled by Southern Legacy, and is open for expansion in several directions.

Table 1. Summary of NI 43-101 compliant resources

Resource Category	Tonnes millions	Au (g/t)	Cu (%)	Ag (g/t)	Au (M ozs)	Cu (B lbs)	Ag (M ozs)	Au Eq (M ozs)	Cu Eq (B lbs)
Antakori Cu-Au-Ag Inferred	294.7	0.36	0.48	10.16	3.40	3.1	93.3	12.81	5.1
Rio Grande Cu- Au Indicated	55.3	0.36	0.34	4.38	0.64	0.4	7.8	1.81	0.7
Rio Grande Cu- Au Inferred	101.1	0.31	0.30	4.40	1.00	0.7	14.4	2.93	1.2
Puchuldiza Au Inferred	30.1	0.71			0.69			0.69	

Au Equivalent and Cu Equivalent values were calculated using the following metal prices: Au = US\$1200/oz, Cu = US\$3.00/lb, and Ag = US\$20/oz.

The principal projects of the new combined entity will include the AntaKori Cu-Au-Ag project in N. Peru, the Rio Grande Cu-Au project in northern Argentina, the Puchuldiza Au project in N. Chile and the early stage Golden Brew Carlin-type Au project in central Nevada. The new combined entity will also hold several other early stage prospects in N. Argentina and Canada. Brief descriptions of the principal projects follow and additional information is available on the Regulus and Southern Legacy websites (www.regulusresources.com and www.slminerals.com).

AntaKori Cu-Au-Ag Project

Southern Legacy's AntaKori project is located 60 km north of the city of Cajamarca in the Hualgayoc District, northern Peru. The project is located in a world-class Au-Cu province which hosts a number of nearby deposits.

- Immediately adjacent to the producing Tantahuatay Gold Mine (Buenaventura-Southern Copper)
- 7 km to the NW of the Cerro Corona Gold-Copper Mine (Goldfields)
- 35 km to the NW of the Yanacocha Gold Mine (Newmont-Buenaventura)
- 40 km to the SE of the La Granja Porphyry Copper deposit (Rio Tinto)
- 50 km to the NW of the Michiquillay Porphyry Copper deposit (Anglo American)

Highlights of the AntaKori Project include the following:

- Southern Legacy owns or controls 20 mineral concessions, totalling 289 hectares, which cover most, but not all of the currently known AntaKori mineralized system. Further consolidation of mineral tenure is in process.
- A total of 17,952 m of drilling has been completed in 70 drill holes (22 RCDH and 48 DDH).
- Several of the more significant drill intercepts reported to date include:
 - SRC-07 106 m with 0.85 g/t Au and 1.42% Cu from surface
 - DDH-37 202.1 m with 1.00 g/t Au and 1.89% Cu
 - DDH-44 103.2 m with 1.03 g/t Au and 1.38% Cu from surface
 - DDH-50 84 m with 1.11 g/t Au and 1.47% Cu
- An Independent 43-101 report has documented a large telescoped Au-Cu porphyry system with associated, mineralized breccias, skarns, and porphyry-style mineralization hosted in sedimentary and intrusive rocks, and associated epithermal, high-sulphidation mineralization in the overlying volcanic rocks.
- Zones of mineralization have been intercepted by the previous drilling within large geophysical anomalies, thus confirming the utility of the geophysics used in identifying future exploration targets.

- Indication that the mineralized system is open in all directions, and has potential for expansion through future exploration programs.

Rio Grande Cu-Au Project

Regulus' 100% owned Rio Grande Cu-Au(Ag-Mo) porphyry project is located in the high Puna of NW Argentina, 450km west of the city of Salta. The Rio Grande project is very favourably located along the prominent NW-trending Archibarca Lineament which also controls the location of the world-class Escondida porphyry Cu deposit (BHP-Billiton), a short 150 km to the west-northwest in Chile. The Rio Grande project shares many geologic similarities with the large Bajo de Alumbrera porphyry Cu-Au deposit (Xstrata Copper) which is located approximately 300km to the south, along a similar west-northwest trending regional structural lineament. A total of 126 drill holes have been completed to date (71,211 m) and an initial 43-101 compliant resource has been announced (see Table 1 for details).

Puchuldiza Au Project

Puchuldiza is 100% owned by Southern Legacy and is located 230 km NW of Iquique in Comuna de Colchane, Tamarugal Province, Region I, Chile. The Puchuldiza project belongs to a class of gold deposits called "hot spring gold deposits", the most famous deposit of this type is at McLaughlin, CA, USA, where approximately 27 million tonnes of 4.49 g/t gold (3.5 million troy ounces) were mined. A total of 35 diamond drill holes (6,097 m) have been completed at the Puchuldiza project and form the basis for an initial NI 43-101 compliant, inferred resource estimate of 30 Mt @ 0.71 g/t Au (using a cut-off grade of 0.5 g/t Au) for a total of 686,000 contained ounces of Au.

Golden Brew Au Project

Regulus recently announced a joint venture with Highway 50 Gold (HWY-TSX.V) to earn a 50% interest in the Golden Brew Project in central Nevada, USA. The Golden Brew JV represents an opportunity with potential for the discovery of a new Carlin style gold district in central Nevada. Regulus expects to conduct an initial drill program at Golden Brew this fall.

Merger Terms

The Agreement provides that the Merger will be based on an exchange ratio of 0.565 shares of Regulus for each share of Southern Legacy. This ratio was agreed to on arms-length basis by the respective management teams and boards of the two companies based primarily on the relative market capitalization of each company.

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 Peru.

In connection with the Transaction and upon signing of this Agreement, Regulus has agreed to provide Southern Legacy with an unsecured line of credit in an amount to be agreed upon between Regulus and Southern Legacy which amount may not exceed \$1,000,000 (the "**Loan**") bearing interest at a rate of 6% per annum. The loan will allow Southern Legacy to continue with key activities and obligations until the Transaction is completed. The Loan will be repayable on or before December 31, 2014. At the election of Southern Legacy, the Loan may be repaid in: (i) cash representing the full outstanding balance, plus accrued interest thereon; or (ii) subject to the acceptance of the TSXV, by the issuance of such number of Southern Legacy Shares as is equal to dividing the outstanding Loan amount (plus accrued interest) by the 20 day volume weighted average trading price of the Southern Legacy Shares on the TSXV immediately prior to the date of execution of this Agreement.

About Regulus Following the Merger

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 on the TSXV and the Bolsa de Valores de Lima (Lima Stock Exchange) upon completion of the Merger.

Share Capital

Based on the current share capital of Regulus and Southern Legacy, Regulus will have approximately 135.6 million shares outstanding at closing of the Merger. In connection with the Merger (and subject to TSXV and shareholder approval), the parties have agreed to consolidate the shares of the combined issuer on a 1 for 3 basis, which will result in there being approximately 45.2 million shares outstanding after giving effect to the Merger and share consolidation.

In addition, it is expected that all of the outstanding common share purchase options of Regulus and Southern Legacy will be cancelled as part 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 more than 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 the founding President and CEO of Antares which developed the Hacqira copper-gold deposit in Peru up to the eventual sale of Antares to First Quantum Minerals Inc. 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.

President: Fernando Pickmann

Mr. Pickmann brings a wealth of relevant experience to the company. He has worked as a lawyer in Lima, Peru, for the last 20 years and has a longstanding involvement with the mining sector. Mr. Pickmann worked for Centromin Peru S.A., the Peruvian Government's mining privatization division, as a legal advisor. Over the span of his career, Mr. Pickmann has successfully managed the majority of the listings and financings of junior mining companies on the Lima Stock Exchange. Mr. Pickmann is currently a Director of two other TSX-V listed companies: AndeanGold Ltd. and Estrella Gold Corp. and also sits on the board of PeruPetro, a large Peruvian state-owned oil company. He is a graduate of the University of Lima with a degree in Law and earned his LL.M. from the Instituto de Empresa (IE Law School) in Madrid, Spain. Mr. Pickmann is a Professor of Mining Law and Strategic Alliance at Lima University and a partner of the Gallo Barrios Pickmann Law Firm.

Chief Geological Officer: Dr. Kevin Heather

Dr. Kevin B. Heather was a founding member of both Antares Minerals and Regulus Resources and directed the exploration that led to the discovery of the high-grade Haqira East deposit and was involved in the overall development of the Haqira Cu-Mo-Au porphyry project in Southern Peru. Dr. Heather is an economic geologist with more than 30 years of field experience in North and South America. Dr. Heather received a BSc. (honours) degree in geology from the University of British Columbia (Vancouver, Canada) in 1982, a MSc. degree in geology

from Queen's University (Kingston, Canada) in 1985, and a PhD. degree from the University of Keele (Keele, England) in 2001.

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.

Board of Directors

The Agreement contemplates that the Board of Directors of the resulting issuer will initially consist of seven members, namely John Black, Mark Wayne, John Leask and Jim McDonald, each of whom is currently a director of Regulus, and Fernando Pickmann, Raymond Jannas and Anthony Hawkshaw, each of whom is currently a director of Southern Legacy. 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 Goldrock Mines Corp. (formerly Mansfield Minerals Inc.) since June 1998. 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.

Jim McDonald: 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.

Raymond Jannas, Director

Mr. Raymond Jannas currently serves as President of Gexsa Ltda. and Chief Executive Officer of Minera Fuego Limitada, a privately held mining company. He has over 30 years of experience as exploration and mining geology throughout the Americas, including tenures as Vice President Exploration and Geology at Hochschild Mining Plc and Regional Manager South America and Worldwide Project Generation Manager at Gold Fields Ltd. Mr. Jannas holds a Ph D. in Geology from Harvard University and B. Sc. in Geology by Universidad de Chile.

Anthony Hawkshaw, Director

Anthony Hawkshaw was a Chartered Accountant for 29 years and holds a Bachelor Degree in Business Management from the Ryerson University in Toronto. From 2005 to 2007, Mr. Hawkshaw was the CFO of Grove Energy Limited, a London and Toronto listed oil and gas development company. In 2005, Mr. Hawkshaw was the CFO of Chariot Resources Limited. Prior to Chariot, Mr. Hawkshaw was CFO of Pan American Silver Corp. from 1995 to 2003. With more than 30 years' experience in the mining industry in countries including Canada, the United States, Mexico, Russia and Peru, Mr. Hawkshaw has extensive experience in the marketing of metals in refined and concentrate form throughout the world and in metals trading. He has arranged numerous debt, equity and convertible debt financings with institutional investors, commercial banks and multilateral lending agencies. Mr. Hawkshaw is currently a director of Caza Gold and Oro Mining and was a director and Chief Financial Officer of Rio Alto Mining Limited.

Break Fee

Each company has agreed to pay the other company a break fee of \$750,000 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

It is anticipated that each the directors and officers of each of Regulus and Southern Legacy will execute a standard lock-up agreement in connection with the execution of the definitive arrangement agreement.

Advisors and Counsel

Regulus' legal counsel is Burnet, Duckworth and Palmer LLP. Southern Legacy's legal counsel is Davis LLP. Roman Friedrich and Associates is providing financial and advisory services to Southern Legacy.

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Forward Looking Information

Certain statements regarding Regulus and Southern Legacy, 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 Southern Legacy'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 Southern Legacy expect or anticipate will or may occur in the future, including the proposed merger 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 Southern Legacy'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 Southern Legacy 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

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