

# Castillian Resources and Ridgemont Iron Ore Sign Definitive Agreement for Proposed Merger

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## Proposed Merger Will Create a Stronger Company Focussed on Advancing the Hope Brook Gold Project, Newfoundland

TORONTO, ONTARIO -- (Marketwired) -- 05/03/13 -- [Castillian Resources Corp.](#) ("Castillian") (TSX VENTURE: CT) (OTCQX: CTIIF) and [Ridgemont Iron Ore Corp.](#) ("Ridgemont") (TSX VENTURE: RDG) (OTCQX: RIOOF) have signed a definitive arrangement agreement (the "Agreement") pursuant to which Castillian will acquire all of the outstanding shares of Ridgemont by way of a plan of arrangement under the Business Corporations Act (British Columbia) (the "Transaction").

The Agreement contains the principal terms and conditions set out in the binding letter of intent (the "Letter of Intent") between Castillian and Ridgemont (see news release dated April 11, 2013) and other customary terms and conditions, except Mr. Brian Penney, President and CEO of Ridgemont, has agreed to waive any severance payments that could be triggered by the Transaction in consideration for Castillian agreeing to increase the consideration under the Transaction to shareholders of Ridgemont from 0.574 to 0.593 of a Castillian common share for each common share of Ridgemont held. The board of directors of each company has unanimously approved the Transaction. Upon completion of the Transaction, existing Castillian and Ridgemont shareholders will own approximately 57.8% and 42.2% of the combined company, respectively, on a basic shares outstanding basis (assuming the issuance by Castillian of (a) 8,000,000 common shares to [Ryan Gold Corp.](#) to repurchase Ryan Gold's 10% interest in the Hope Brook gold project (see news release dated February 6, 2013) and (b) the Severance Shares (as defined below)).

Based on the 20-day volume weighted average price ("VWAP") of Castillian's common shares on the TSX Venture Exchange (the "TSXV") of \$0.0590 and the 20-day VWAP of Ridgemont's common shares on the TSXV of \$0.0209, each as of April 10, 2013 (the last trading day prior to the announcement of the Letter of Intent), the Transaction represents a premium of approximately 67% to Ridgemont (based on the increased exchange ratio of 0.593). On April 10, 2013, the closing prices of the Castillian common shares and the Ridgemont common shares were \$0.05 and \$0.025, respectively.

### Highlights of the Transaction:

- The merger will result in an advanced stage gold exploration company with a stronger balance sheet focused on Castillian's Hope Brook project in Newfoundland;
- Flow through commitments from Ridgemont's balance sheet will be used to fund 5,100 meters of additional diamond drilling, designed to expand the existing mineral resource and conduct technical and engineering work required for a preliminary economic assessment (PEA) at the Hope Brook project;
- Based on the results of this work, the merged entity anticipates being in a position to deliver a Hope Brook PEA by early 2014;
- Hope Brook has significant indicated and inferred mineral resources in a politically favourable jurisdiction with strong upside potential and access to existing infrastructure; and
- The proposed share exchange ratio provides Ridgemont shareholders with a 42.2% ownership stake in an asset with strong potential.

### Management and Directors:

Following the completion of the Transaction, it is anticipated that Mr. Adrian Bray, P.Geo., will join Castillian's board of directors and that the current executive management team of Castillian will be unchanged.

Mr. Brian Penney is a director of both of Castillian and Ridgemont and the President and Chief Executive Officer of Ridgemont and, therefore, Castillian and Ridgemont are non-arm's length parties with respect to each other under the policies of the TSX Venture Exchange.

## Transaction Details

Pursuant to the terms of the Agreement, the Transaction will be conducted by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia), resulting in Ridgemont becoming a wholly-owned subsidiary of Castillian. Each Ridgemont common share issued and outstanding immediately prior to closing of the Transaction will be exchanged for 0.593 of a Castillian common share.

All options and warrants of Ridgemont outstanding immediately prior to closing of the Transaction will, following closing and subject to regulatory approval, be exercisable for that number of shares of Castillian using the same exchange ratio applicable to the common shares of Ridgemont under the Transaction, with corresponding adjustment to the exercise prices on the basis of such exchange ratio.

On April 24, 2013 Ridgemont and Castillian entered into a loan agreement whereby Ridgemont advanced to Castillian \$250,000 (the "Loan"). The Loan will accrue interest at the rate of 10% per annum and mature on the earlier of the completion of the Transaction and the date that is twelve months following the termination of either the Agreement (the "Maturity Date"). In the event of the termination of the Definitive Agreement, Ridgemont will have the option to convert the principal amount of the Loan and all interest accrued thereon at any time prior to the Maturity Date into common shares of Castillian at a deemed price of, in the case of the principal amount of the Loan, \$0.10 per share, and in the case of interest accrued thereon, subject to TSXV approval, the current market price of the Castillian shares less the maximum discount permitted under the policies of the TSXV. Castillian has the option to prepay the Loan and all interest accrued thereon in full or in part from time to time at any time prior to the Maturity Date.

Certain officers of Ridgemont are contractually entitled to severance payments that could be triggered by the Transaction. Except for Messrs Mark Morabito and Brian Penney, these officers have agreed to accept, in aggregate, \$25,000 in lieu of such severance payments, payable immediately prior to completion of the Transaction in common shares of Ridgemont at a deemed price per share of \$0.05 (the "Severance Shares"), subject to the approval of the TSXV. Messrs Morabito and Penney have agreed to waive any entitlement to any severance payments.

The Transaction is subject to customary conditions, including:

- approval by a minimum of 66 2/3% of the votes cast by Ridgemont shareholders at a duly called special shareholders' meeting;
- approval/acceptance of the TSXV of the Transaction and the issuance of the Severance Shares;
- all of the directors and officers of Ridgemont agreeing to support the Transaction by entering into agreements to vote in favour of the Transaction;
- Ridgemont shareholders holding collectively not more than five per cent of the outstanding common shares of Ridgemont having exercised their dissent rights; and
- Ridgemont having working capital upon the closing of the Transaction of not less than \$2,900,000, less the sum of (i) expenses incurred by Ridgemont in connection with the Transaction up to a maximum of \$100,000 and (ii) the principal amount of the Loan.

The Agreement includes a commitment by each of Castillian and Ridgemont not to solicit alternative transactions to the proposed Transaction. The Agreement provides that if a party terminates the Transaction in certain circumstances such party is obligated to pay to the other party \$250,000 on account of costs and expenses in connection with the Transaction. Each party has also been provided with certain other rights, representations and warranties and covenants customary for a transaction of this nature, and each party has the right to match any competing offers made to the other party.

Ridgemont shareholders will be granted dissent rights which, if exercised in accordance with applicable requirements, will provide such shareholders the right to be paid the fair value for their Ridgemont common shares by Ridgemont.

Upon completion of the Transaction, Castillian will have 130.6 million common shares outstanding (153.6 million common shares on a fully-diluted basis), and the ownership of the combined company is expected to be approximately 57.8% by existing Castillian shareholders and 42.2% by former Ridgemont shareholders on a basic shares outstanding basis (assuming the issuance by Castillian of (a) 8,000,000 common shares to [Ryan Gold Corp.](#) to repurchase Ryan Gold's 10% interest in the Hope Brook gold project (see news release dated February 6, 2013) and (b) the Severance Shares).

## Timing

The terms of the Agreement will be described in detail in the management information circular of Ridgemont to be filed with the regulatory authorities and mailed to Ridgemont shareholders in accordance with applicable securities laws in respect of the annual general and special meeting of Ridgemont shareholders, currently scheduled to be held on June 24, 2013. Subject to shareholder, court and regulatory approvals, the Transaction is expected to close in July 2013.

## Recommendation of Boards of Directors

The board of directors of each of Ridgemont and Castillian unanimously support the proposed Transaction. The board of directors of Ridgemont established a special committee to review the Transaction and retained Evans & Evans, Inc. to prepare a fairness opinion. The special committee of Ridgemont has received the fairness opinion from Evans & Evans, Inc. which states that the consideration to be received by the Ridgemont shareholders is fair, from a financial point of view, to the Ridgemont shareholders. The board of directors of Ridgemont recommends that Ridgemont shareholders vote in favour of the Transaction at the shareholder meeting to be called to approve the Transaction. The reasons for the board of directors' recommendation will be detailed in the aforementioned management information circular.

## ABOUT CASTILLIAN

[Castillian Resources Corp.](#) is a Canadian mineral exploration company listed on the TSX Venture Exchange under the symbol "CT" and on the OTCQX International under the symbol "CTIIF". Castillian's flag ship property is the Hope Brook Gold Project located in southwestern Newfoundland, which has 2.4 million tonnes at 1.48 g Au/t for 590,000 ounces of indicated mineral resources and 8.2 million tonnes at 2.07 g Au/t for 548,000 ounces of inferred mineral resources (see technical report entitled "Updated Mineral Resource Estimate Technical Report, Hope Brook Gold Project, Newfoundland and Labrador, Canada" and Table 1, effective October 1, 2012). The bulk of these ounces are within a potentially open pittable constraining shell defined at US\$1,400 gold and a cutoff grade of 0.5 g Au/t. The property includes the former Hope Brook mine, which produced 752,163 ounces of gold from 1987 to 1997. The mine also produced a copper concentrate from 1993 to 1997.

**Table 1: Mineral Resource, Hope Brook Gold Project as at October 1, 2012 (i)**

Category	Within constraining shell @ 0.50 g Au/t cut-off			Below constraining shell @ 2.0 g Au/t cut-off		
	Tonnes	Gold g/t	Gold (Oz)	Tonnes	Gold (g/t)	Gold (Oz)
Indicated	10,624,000	1.24	422,000	1,743,000	2.99	168,000
Inferred	6,458,000	1.91	397,000	1,792,000	2.62	151,000

**Table 1: Mineral Resource, Hope Brook Gold Project as at October 1, 2012 (i)**  
Total

Category	Tonnes	Gold g/t	Gold (Oz)
Indicated	12,367,000	1.48	590,000
Inferred	8,251,000	2.07	548,000

- Constraining shell incorporates essentially all of the remaining historic resources in the former Hope Brook mine in addition to new areas of resource as defined by Castillian, including the Pit Zone, Hanging Wall Zone

and Mine Zone Extension.

- There is a possible copper credit that is not included in the mineral resource due to missing copper assays in historical drill holes.

(i) Full Technical details and notes to the NI 43-101 Mineral Resource Estimate can be found in the technical report titled "Updated Mineral Resource Estimate Technical Report, Hope Brook Gold Project, Newfoundland and Labrador, Canada" by Pierre Desautels, P. Geo., Jay Melnyk, P. Eng., And Michael Cullen, P. Geo., effective October 1, 2012. This report is available on Castillian's website and at [www.sedar.com](http://www.sedar.com).

Dr. Bill Pearson, P. Geo., President and CEO of Castillian, who is a qualified person as defined by NI 43-101, has reviewed and approved the scientific and technical content relating to Castillian in this press release.

## **ABOUT RIDGEMONT**

Ridgemont is a Canadian exploration company looking to acquire, explore and develop iron ore mineral properties. Ridgemont has a 100% interest in the Lac Viroit Iron Project located in the southern Labrador Trough and holds a 100% interest in the Maguse River Iron Project located in Nunavut.

## **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

*Certain information contained in this press release, including any information relating to the Transaction (including the anticipated benefits of the Transaction), and statements that address events or developments that Castillian or Ridgemont expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. Forward-looking statements include, but are not limited to, statements relating to completion and timing of the acquisition of Ridgemont, the delivery of the Hope Brook PEA, the upside potential of Hope Brook and the Hope Brook mineral resource estimate and its potential to be increased. All such forward-looking statements are subject to important risk factors and uncertainties, many of which are beyond Castillian's or Ridgemont's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause Castillian's or Ridgemont's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Assumptions upon which such forward-looking statements are based on include the estimation of mineral resources, the availability of necessary financing and materials to continue to explore and develop Hope Brook, that Castillian and Ridgemont will be able to satisfy the conditions contained in the Letter of Intent, that the required approvals will be obtained from the shareholders of Ridgemont, that all third party, court, regulatory and governmental approvals to the Transactions will be obtained, including from the Exchange and all other conditions to completion of the Transaction will be satisfied or waived. Many of these assumptions are based on factors and events that are not within the control of Castillian and Ridgemont and there is no assurance they will prove to be correct. Such factors include, without limitation: capital requirements; fluctuations in the international currency markets and in rates of exchange of metal prices; changes in national and local government legislation in Canada or any other country in which Castillian and Ridgemont currently or may in the future carry on business; taxation; controls, regulations and political or economic developments in the countries in which Castillian and Ridgemont do or may carry on business; competition; loss of key employees; and additional funding requirements;*

*Any forward-looking statement speaks only as of the date on which it is made and Castillian and Ridgemont expressly disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, events or otherwise, except in accordance with applicable securities laws. Although each of Castillian and Ridgemont believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.*

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