

Shareholders and other Stakeholders of Regal Resources Ltd.

Dear Sirs and Mesdames,

My name is Matt Sauder, and over the past six or so months I have been quite involved with Regal Resources Ltd. (Regal or the Company) and plan to continue that involvement in a more formal capacity going forward should the Shareholders of Regal vote to have me do so. Regal had planned an AGM for April 23 at which I, and two of other non-Regal affiliated individuals planned to stand for election to Regal's Board of Directors. Unfortunately due to the Covid 19 situation and the legal requirements under Regal's articles and the *Business Corporation Act* (British Columbia) to set a physical location for a shareholder meeting, the AGM had to be postponed.

In addition to standard AGM matters, Regal intended to provide a general update on its operations and prospects at the AGM. Notwithstanding the postponement of the AGM, Regal is using this letter to provide the general nature of the update had the meeting proceeded.

First off, I'd like to introduce myself, describe what my involvement has been up until now and suggest as much as I can to describe what I see as the best way forward for the company.

I am a Vancouver business man with a 30 plus year history of operations in the wholesale distribution and specialty manufacturing space. I am the CEO of Bissett Fasteners, (www.Bissettfasteners.ca) Summit Labels (www.Sumitlabels.ca) and the non-executive chair of Sauder Industries Ltd, the parent company for Metrie Canada (www.metrie.com).

In the early fall of 2019 Greg Thomas reached out to me with his concerns about Regal and did not feel he knew where he could turn for help, so I offered to help him as a friend. I told Greg I would offer to help him decide what to do with the Company, but would have to operate as a consultant, because technically I have no standing with the Company. **I have provided all of the assistance described in this letter for no compensation**

In the interest of full transparency, I own approximately 180,000 shares of Regal that were purchased approximately five years ago with a cost base of \$0.11 per share. I would also note that Oliver Young is my Brother In-Law, although I had no part in his transactions with the Company. Finally, I want to disclose that the money Greg has loaned to the Company was borrowed from me personally. It is very well secured by Greg's family's real estate, and as such my involvement in Regal is not required to get repayment of the loan.

In my initial review of the Company, I concluded the following as the major issues facing the company:

- 1) **Liquidity** - the Company had and continues to have a real liquidity issue and we needed to find a source of cash, and to significantly reduce the cash burn rate. It should be noted that Greg has personally lent the Company money to carry on its existence and encumbered his family's house and recreation property to do so. He also has reduced his own compensation by 75% and terminated the employment of the Company's other two employees / consultants. During the Audit (described below), we came across the fact that in fact there were back and unpaid wages to all three of the Company's officers and consultants. These individuals agreed to forfeit this compensation and provided the Company releases and waivers in respect of same.

- 2) **Reporting** - We then set out to rectify the Company's reporting position and respond to a Shareholder lawsuit concerning the production of financial statements and holding an AGM. These matters were extremely consuming to both the Company's resources, and my own unpaid time. Working with the Company's legal counsel, we developed a plan to satisfy the shareholder complaint and succeeded in publishing audited annual financial statements for the periods from the company's last report on same. These financial statements are available for review on SEDAR and the Company's website. We worked with the Company's auditors to prepare the statements on a cost effective basis by doing the Audit for all five years at once.

- 3) **Cease Trade Order** - We have continued to work with legal counsel to advance an application to the applicable securities commissions to have the cease trade order removed from our shares and provide shareholders with liquidity. We expect to apply to the applicable commissions following the AGM and completion of certain outstanding reporting materials (notably Management Discussion and Analysis and interim financial statements).

- 4) **Governance** - The Company recognizes that new leadership is required and the Company's has received commitments from three individuals (including myself) unaffiliated with previous leadership (other than my friendship with Greg described above) to stand as director nominees at the AGM. It should also be noted that the director compensation for the new directors is expected to be set at \$12,500 per annum and I personally will forgo on any cash director fees.

The Company expects to hold a rescheduled AGM as soon as relevant health authorities deem such an activity to be permissible and subject to applicable notice requirements under securities laws.

Once we have our AGM and assuming election of the new slate of directors, the Company can begin to execute on its strategic plan. Subject to approval by the Company's elected directors, it is expected that the strategic plan will include the following key elements:

- Removal of the cease trade order and preparation of associated documentation (MD&A, interim financials, etc.).

- Recapitalization and/or repayment of debt obligations to improve and secure the Company's financial position. The Company has had informal discussions with its key debt holders and is confident that the proposed new directors will be able to finalize these discussions and significantly improve the Company's solvency by restructuring these debts. It is my view that the value of the equity is at grave risk unless this restructuring is successful.

- Improved governance and management - this will be at the discretion of the new board, but I expect the management of the Company and how to optimize same will be a major focus.
- Focus on improving the value of the Company's interest in its Sunnyside property and explore opportunities to add value to same. On this point, I have had several informal discussions with our JV partner, Barksdale and other parties with interests adjacent to Sunnyside and am encouraged by these discussions.

Finally I want to offer that I am available to discuss any and all matters relating to Regal and my involvement with it. In particular, I would encourage Shareholders who felt aggrieved enough to send a letter to all Shareholders to reach out. I believe going forward we all share the same hopes and aspirations. Please email my assistant Michelle Newbigin Michelle@mycroft.com to set up an time if you'd like to chat.

Sincerely,

Matt Sauder