

February 11, 2022

Dear Shareholders,

On October 3<sup>rd</sup>, 2021 Regal Resources Inc (“the Company”) was obliged to seek creditor protection in response to being served by its potential joint venture partner, Barksdale Resources Inc (“Barksdale”), for the collection of a \$1.8+million debt. This action was initiated by Barksdale three days after the abrupt resignation of Regal’s previous management and majority of the board of directors.

The Company is now under creditor protection status and has completed a financing to repay all of its creditors. The two secured creditors are Barksdale and MyCroft Holdings, the latter a private company controlled by Mr. M. Sauder, the former CEO of the Company.

The company has restructured its debt by way of a private placement of convertible debentures and currently has raised \$2.885mm. The debentures are convertible into units, each unit is comprised of one .10 cent common share and one half share purchase warrant exercisable at .20 cents and is convertible at the discretion of the holder.

This investment is only available to those who meet the criteria of “Sophisticated Investors” and is mainly due to the previous management’s paucity of financial disclosure and their refusal to have the Company’s cease trade order lifted. Further to that, Regal’s management successfully obtained from the BCSC a partial revocation of the cease trade order. With the partial revocation in place, the funds raised paid both Barksdale and Mycroft Holdings in full, with the balance of funds to be used to pay all unsecured creditors. The Company is also nearing completion of its audited financials, and when the Company is compliant with the regulators then intends to seek the re-listing of its common shares on a stock exchange in 2022.

The Company’s sole asset, the Sunnyside property, is currently under an earn in option agreement with Barksdale who have the right to earn up to 67.5%. In order to vest an initial 51% Barksdale must incur qualified expenditures of \$6mm, complete 25,000 feet of drilling, and make cash and share payments to the Company. Barksdale has not yet fulfilled any of these previously mentioned terms of the earn in option agreement. Additionally, up to fifteen months following the award of a drill permit Regal has the right to audit expenditures made by Barksdale on the Sunnyside project.

Gregory Thomas CEO of Regal Resources says, “The environment for investment in the metal’s sector appears to be improving. And the recent pre-feasibility report on South32’s adjoining Hermosa project places the Company’s Sunnyside project square within their “High Priority Corridor”, further demonstrating the potential importance of this very valuable asset.”