NOTICE OF SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

SPECIAL MEETING OF SHAREHOLDERS

WITH RESPECT TO A PROPOSED TRANSACTION

involving

REGAL RESOURCES INC.

and

BARKSDALE RESOURCES CORP.

THE BOARD OF DIRECTORS OF REGAL RESOURCES INC.

RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE TRANSACTION

These materials are important and require your immediate attention. They require common shareholders of Regal Resources Inc. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you have any questions or require more information with regard to voting your shares, please contact Carson Proxy Advisors Ltd., our strategic shareholder advisor and proxy solicitation agent, at toll free phone: 1-800-530-5189 local (collect outside North America): 416-751-2066 or Email: info@carsonproxy.com.

June 8, 2021

Dear Fellow Regal Shareholder,

On behalf of the board of directors (the "**Board**") of Regal Resources Inc. ("**Regal**" or the "**Company**"), we invite you to attend the special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares ("**Common Shares**") of Regal to be held at 10:00 a.m. (Pacific time) on Wednesday, July 7, 2021 to consider what the Board believes is a very attractive opportunity for Shareholders.

The business to be conducted at the Meeting concerns the acquisition of the Company's remaining indirect interest in the Sunnyside Project in Santa Cruz County, Arizona, USA, through its wholly-owned subsidiary Regal Resources (USA), Inc., ("**Regal USA**") by Barksdale Resources Corp. ("**Barksdale**"), as set out in more detail in the accompanying management information circular and in the May 11, 2021 press release available on the Company's website (www.regalres.ca) and available under the Company's SEDAR profile at www.sedar.com (the "**Transaction**").

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE TRANSACTION, AS DESCRIBED IN THE ACCOMPANYING MANAGEMENT INFORMATION CIRCULAR OF REGAL.

Under the Transaction, Barksdale has agreed to (i) pay or release from contractual escrow a total of 22.0 million Barksdale common shares (the "**Barksdale Shares**"), (ii) acquire and forgive up to $4.0 million in Regal debts, and (iii) contribute up to $2.3 million towards the capital gains taxes that will be owed by Regal as a result of the Transaction. Additionally, Barksdale will assume approximately $120,000 in non-filing tax penalties that have been incurred by Regal USA over the past decade. The total value of the Transaction is approximately $19,620,000, based on the Barksdale Share closing price on the TSX Venture Exchange as of the date hereof, which equates to approximately $0.4043 per Common Share in total value based on the number of Regal Shares currently outstanding[1]. Regal intends to distribute the bulk of this consideration, net of any tax obligations, to Shareholders as the Barksdale Shares are issued over the following months. Pursuant to the Transaction, subject to certain conditions and based on the number of Common Shares outstanding as of the date hereof, it is anticipated that Shareholders will receive a total of 0.4534 of a Barksdale Share for each Common Share. The Barksdale Shares will be distributed in three approximately equal tranches, with the first tranche being released when the Transaction has closed. Please refer to the section entitled "The Transaction - Overview" on page 4 of this Circular for more information.

Based on Barksdale's closing share price as of the date hereof, Barksdale's offer represents a premium of approximately 522% to the December 5, 2015 closing price of $0.065 per Common Share, being the last trading day prior to a cease trade order being issued by the British Columbia Securities Commission on December 11, 2015. Barksdale's offer also represents a 237% premium to price at which Regal completed its last equity financing on January 13, 2015 at $0.12 per Common Share.

Shareholders should be aware of the major benefits of the Transaction which include, among others:

- *Path to Liquidity* – Through no fault of their own, Shareholders have been unable to dispose of (or acquire additional) Common Shares for nearly six years. Upon receipt of applicable Barksdale Shares, Shareholders will be permitted to monetize or continue to hold such shares in accordance with their preference. In addition, the Barksdale Shares trade on the TSX Venture Exchange, a more robust market, and one that exercises more regulatory oversight than the Company's previous principal trading market.

- *A Unified Sunnyside Project* – Following completion of the Transaction, Barksdale will not be restricted by the current joint venture agreement and be entitled to advance the Sunnyside Project and allocate capital in the most advantageous and timely way possible for all of its shareholders, including former Shareholders that want to continue to have access to the upside potential of Barksdale and the Sunnyside Project.

[1] The total value was calculated using the closing Barksdale Share price as of the date of this Notice and assumes assumption of $4 million of debt, assumed tax liability of $2.3 million and the non-filing penalties.

- *Access to other Barksdale Projects* – While Barksdale expects that the Sunnyside Project will be its most significant mineral property, it also provides its shareholders access to a portfolio of other projects, including the 100% owned San Antonio, Canelo, and Goat Canyon properties near Sunnyside, in Arizona, as well as the drill-ready San Javier copper-gold project in located in Sonora, Mexico.

- *Elimination of Crippling Debt Burden* – With aggregate debt of approximately $3,745,000 as reported in the Company's unaudited interim financial statements for the six month period ended January 31, 2021 and no sources of active income to service or repay such debt, the Company's debt burden will only continue to increase. Moreover, certain of the Company's debts were incurred at high rates of interest and the longer they remain outstanding, the less certainty the Company has on its ability to service or repay same. If the Transaction is not completed for any reason, including not receiving Shareholder approval, there are significant concerns to the Company's ability to continue as a going concern.

- *Culmination of Extensive Negotiations and Evaluation of Alternatives* – The Company and Barksdale have had on and off discussions concerning the Sunnyside Property and Barksdale's goal of consolidating its interest in same over the course of the past couple of years. These discussions and the Company's assessment and evaluation of alternatives intensified subsequent to the Company's most recent annual general meeting, where new leadership was installed. The terms of the Transaction were subject of extensive deliberation and vigorous negotiation, and when contrasted to the other alternatives potentially available to the Company, represent what the Company believes as the best possible outcome for the Shareholders.

- *Professional Mining Management and Access to Capital* – The Company's former management team is the source of many of the current challenges facing the Company. The Company's current management and Board, in executing their fiduciary duties, believe that putting this Transaction to the Shareholders is in their best interest. Following completion of the Transaction, former Shareholders will be able to rely on the established mining expertise of the Barksdale governance and leadership team. In addition, Barksdale has a number of high profile established Canadian mining companies as committed strategic shareholders; the most noteworthy of which are Teck Resources Ltd. and Osisko Development Corp.

WHAT YOU NEED TO DO

The Transaction must be approved by: (i) at least 66 and 2/3% of the votes cast by Shareholders present in person or by proxy at the Meeting, and (ii) a simple majority of the votes cast by the Shareholders present in person or by proxy at the Meeting, excluding any votes cast by Shareholders whose votes must be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

This means every vote will count no matter how many shares you own. You must vote your proxy before 10:00 a.m. (Pacific time) on July 5, 2021 for it to count.

Shareholders that have questions or need help voting are encouraged to contact Carson Proxy:
Toll Free Phone: 1-800-530-5189 Local (Collect outside North America): 416-751-2066 or Email: info@carsonproxy.com.

On behalf of Regal and the Board, we would like to thank all our Shareholders for their support in the past and with respect to our decision to take the Transaction forward. We hope you will join us as we step into this new chapter of growth of the Sunnyside Project.

Yours very truly,

(signed) *"Matt Sauder"*
Chairman of the Board and President
Regal Resources Inc.

REGAL RESOURCES INC.

With a registered office at
2600 – 1066 West Hastings St.
Vancouver, BC V6E 3X1

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Regal Resources Inc. (the "**Company**") will be held in virtual format (https://us02web.zoom.us/j/89877133301) on Wednesday, July 7, 2021 at 10:00 a.m. (Pacific Time) for the following purposes:

1. to consider, and if deemed advisable, to approve, with or without variation, a special resolution, the full text of which is set out in Schedule "B" (the "**Transaction Resolution**") to the accompanying management information circular dated June 8, 2021 (the "**Circular**"), approving the share purchase transaction entered into between the Company, Regal Resources USA, Inc. and Barksdale Resources Corp. ("**Barksdale**"), as more particularly described in the Circular;

2. to consider, and if deemed advisable, to approve, with or without variation, a special resolution, the full text of which is set out in Schedule "C" to the accompanying Circular, approving the return of capital and corresponding reduction of stated capital and the distribution of the Barksdale Shares (as defined in the Circular), as more particularly described in the Circular; and

3. to transact such other business as may properly be put before the Meeting.

In order to mitigate risks to the health and safety of our communities, Shareholders, employees and other stakeholders arising from the ongoing public health concerns related to the COVID-19 pandemic and to comply with health and safety measures imposed by the federal and provincial governments, we are inviting Shareholders to attend the Meeting via Zoom videoconference. Participants are asked to register in advance of the Meeting and in any event prior to 10:00 a.m. (Pacific time) on July 7, 2021. Participants will first need to register their email address to a Zoom account at: https://zoom.us/signup. Participants will then receive an activation email at the email address they registered. Participants must activate their account to register for the video conference. Note that participants with a Zoom account do not need to register their email. **Participants with a Zoom account can then attend the Meeting using the following URL: https://us02web.zoom.us/j/89877133301**. Participants will be asked to enter their name, country and email address and will then receive the URL for the Meeting. A confirmation email with the URL and a phone number to join the Meeting will be sent to the participant's registered email address. Shareholders will have an equal opportunity to participate at the Meeting through this method regardless of their geographic location. The Company strongly encourages Shareholders to vote in advance of the Meeting in accordance with the instructions provided in the body of this Circular.

Registered Shareholders have the right to dissent in respect of the Transaction Resolution and to be paid the fair value of their common shares in the capital of the Company upon strict compliance with the dissent provisions of the *Business Corporations Act* (British Columbia), which are reproduced in Schedule "A" to the accompanying Circular. A description of Shareholders' dissent rights can be found in the "Dissent Rights" section of the Circular.

Dissenting Shareholders should note that the exercise of dissent rights can be a complex, time sensitive and expensive procedure. Dissenting Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Transaction and their rights of dissent.

The board of directors of the Company has fixed June 3, 2021 as the record date for the determination of Shareholders entitled to notice of, and to vote at, the Meeting and at any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular accompanying and forming part of this notice of Meeting (the "**Notice**").

All registered Shareholders are entitled to attend and vote at the Meeting in person via video conference or by proxy. Shareholders who wish to vote in advance of the Meeting are requested to date and sign the enclosed form of instruction of proxy and to return it to **Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th floor, Toronto, Ontario, M5J 2Y1**, not less than 48 hours (exclusive of Saturdays, Sundays and Holidays) before the Meeting. If a Shareholder does not deliver a proxy in accordance with these instructions or to the presiding officer of the Meeting, then the Shareholder will not be entitled to vote at the Meeting by proxy. You may also vote by telephone or via the Internet. To vote by telephone, in Canada and the United States only, call 1-866-732-8683 from a touch tone phone. When prompted, enter your Control Number listed on the proxy and follow the voting instructions. To vote via the Internet, go to www.investorvote.com and enter your Control Number listed on the proxy and follow the voting instructions on the screen.

Non-registered Shareholders who receive this Notice and Circular from their broker or other intermediary should complete and return the proxy or voting instruction form in accordance with the instructions provided with it. Failure to do so may result in the shares of the non-registered Shareholders not being eligible to be voted at the Meeting. A Circular, a form of proxy, voting instruction form and financial statements request form accompany this notice.

DATED at Vancouver, British Columbia, the 8th day of June, 2021.

ON BEHALF OF THE BOARD

(signed) *"Matt Sauder"*
Matt Sauder
Chairman of the Board and President

REGAL RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") of Regal Resources Inc. ("**Regal**" or the "**Company**"), unless otherwise indicated, contains information as at June 8, 2021.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice. Shareholders of the Company ("**Shareholders**") are urged to consult their own professional advisors in connection with the matters considered in this Circular.

CURRENCY

Unless otherwise indicated herein, references to "$", "C$" or "Canadian dollars" are to Canadian dollars.

GENERAL PROXY INFORMATION

This Circular is furnished in connection with the solicitation of proxies by management of Company for use at the special meeting (the "**Meeting**") of Shareholders to be held at the time and place and for the purposes set forth in the accompanying notice of Meeting, and at any adjournment thereof. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited in person or by telephone or other electronic means by directors or officers of the Company or the Company's proxy solicitation agent, Carson Proxy Advisors Ltd. The Company has retained Carson Proxy Advisors Ltd. to assist the Company with Shareholder communications and the solicitation of proxies. In connection with these services, Carson Proxy Advisors Ltd. will invoice the Company based on applicable hourly rates of its service providers, subject to a fee cap of $75,000 plus reasonable out-of-pocket expenses. Other than Barksdale's agreement to offer certain financial assistance to the Company in respect of funding proxy solicitation initiatives, all costs of the solicitation for the Meeting will be borne by the Company, including the indirect delivery of the proxy-related materials to Non-Registered Shareholders through Intermediaries.

The Company will pay for the delivery of its proxy-related materials indirectly to all Non-Registered Shareholders.

RECORD DATE AND QUORUM

The board of directors (the "**Board**") of the Company has fixed the record date for the Meeting as the close of business on June 3, 2021 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their common shares of the Company ("**Common Shares**") at the Meeting.

Under the Company's articles, the quorum for the transaction of business at the Meeting consists of one or more persons, present in person or by proxy, who, in the aggregate, hold at least 1/20 (5%) of the issued Common Shares entitled to be voted at the Meeting.

APPOINTMENT AND REVOCATION OF PROXIES

Registered Shareholders

Registered Shareholders may vote their Common Shares by attending the Meeting in person or by

completing the enclosed proxy. Registered Shareholders should deliver their completed proxies to **COMPUTERSHARE INVESTOR SERVICES INC. (the "Transfer Agent"), Proxy Department, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1** in accordance with the instructions on the proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, otherwise the shareholder will not be entitled to vote at the Meeting by proxy.

Registered Shareholders may also vote by telephone or via the Internet. To vote by telephone, in Canada and the United States only, call 1-866-732-8683 from a touch tone phone. When prompted, enter your Control Number listed on the proxy and follow the voting instructions. To vote via the Internet, go to www.investorvote.com and enter your Control Number listed on the proxy and follow the voting instructions on the screen.

The persons named in the proxy are directors and officers of the Company and are proxyholders nominated by management. A Shareholder has the right to appoint a person other than the nominees of management named in the enclosed instrument of proxy to represent the Shareholder at the Meeting. To exercise this right, a Shareholder must insert the name of its nominee in the blank space provided. A person appointed as a proxyholder need not be a Shareholder of the Company.

A registered Shareholder may revoke a proxy by:

(a) signing a proxy with a later date and delivering it at the place and within the time noted above;

(b) signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and delivering it to the Transfer Agent at the address indicated above, at any time up to and including at least three (3) business days preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof;

(c) attending the Meeting or any adjournment thereof and registering with the scrutineer as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked; or

(d) in any other manner provided by law.

Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders, as many shareholders do not hold their Common Shares in the Company in their own name. Shareholders holding their Common Shares through banks, trust companies, securities dealers or brokers, trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans or other persons (any one of which is herein referred to as an "**Intermediary**") or otherwise not in their own name (such shareholders herein referred to as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders appearing on the records maintained by the Company's transfer agent as registered Shareholders will be recognized and allowed to vote at the Meeting. If a Shareholder's Common Shares are listed in an account statement provided to the Shareholder by a broker, in all likelihood those Common Shares are not registered in the shareholder's name and that shareholder is a Beneficial Shareholder. Such Common Shares are most likely registered in the name of the shareholder's broker or an agent of that broker. In Canada the vast majority of such Common Shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Common Shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.

Most Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada. Broadridge mails a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a

shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting – the voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.** In accordance with the requirements of NI 54-101, the Company has distributed copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to OBOs.

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or person designated by you, may attend at the Meeting as proxyholder for your Intermediary and vote your Common Shares in that capacity. If you wish to attend at the Meeting and indirectly vote your Common Shares as proxyholder for you Intermediary, or have a person designated by you do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the voting instruction form provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

Only Registered Shareholders have the right to revoke a Proxy. Beneficial Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.

Voting by Proxyholder

If you have the right to vote by proxy, the proxyholder named therein will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. In the absence of any instructions in the proxy, the proxy confers discretionary authority on the proxyholder with respect to:

(a) each matter or group of matters identified therein for which a choice is not specified;

(b) any amendment to or variation of any matter identified therein; and

(c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the proxy, it is intended that the proxyholder will vote the Common Shares represented by the proxy in favour of the motions proposed to be made at the Meeting.

Management is not currently aware of any other matters that could come before the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as described herein under the section entitled "*Interests of the Company's Directors in the Transaction*" below and elsewhere in this Circular, the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting:

(a) each person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year; and

(b) each associate or affiliate of any of the foregoing.

VOTING SHARES AND PRINCIPAL SHAREHOLDERS

The authorized capital of the Company consists of an unlimited number of Common Shares, and an unlimited number of Preferred shares without par value ("**Preferred Shares**"). As of the date of this Circular, 48,521,958 Common Shares and no Preferred Shares are issued and outstanding. All Common Shares in the capital of the Company are of the same class and each carries the right to one vote.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, there are no beneficial owners or persons exercising control or direction over Company carrying more than 10% of the outstanding voting rights.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, the current directors and executive officers of the Company, as a group, owned beneficially, directly or indirectly, or exercised control or direction over 2,329,318 Common Shares, representing approximately 4.8% of the outstanding Common Shares.

CEASE TRADE AND DELISTING FROM THE CSE

On May 18, 2012, the British Columbia Securities Commission (the "**BCSC**") issued a cease trade order (the "**2012 CTO**") on all securities of the Company pending the Company filing new or amended technical reports on its mineral exploration properties in accordance with the *Securities Act* (British Columbia) and applicable regulations. The 2012 CTO was revoked by the BCSC on July 10, 2012, upon filing of the required documents by the Company. On December 15, 2015 the BCSC issued a cease trade order (the "**2015 CTO**") on all securities of the Company for failure to file comparative financial statements and management's discussion and analysis for its financial year ended July 31, 2015 in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. On April 25, 2016, the Common Shares were delisted from the Canadian Securities Exchange (the "**CSE**").

As of the date of this Circular, the 2015 CTO remains in effect.

PARTICULARS OF MATTERS TO BE ACTED UPON

THE TRANSACTION

A. Overview

The Company, and its wholly owned subsidiary, Regal Resources USA, Inc. (the "**Subsidiary**"), entered into a share purchase agreement with Barksdale Resources Corp. ("**Barksdale**" or the "**Purchaser**"), dated May 11, 2021 (the "**Share Purchase Agreement**"), whereby the Company agreed, subject to certain conditions, to sell all of the shares of the Subsidiary to the Purchaser (the "**Transaction**"), in exchange for, among other consideration:

(i) the issuance of up to 18,150,000 common shares of Barksdale (the "**Payment Shares**");

(ii) the release upon completion of the Transaction of 3,850,000 common shares of Barksdale issued to the Company, which have been held in escrow pursuant to a Contribution Agreement dated August 10, 2017 (the "**Contribution Agreement**") between the Subsidiary and Arizona Standard (US) Corp. (the "**Escrow Shares**" and together with the Payment Shares, collectively, the "**Barksdale Shares**");

(iii) the acquisition and forgiveness of up to $4,000,000 of the Company's existing debt facilities (the "**Debt Acquisition**"); and

(iv) future payments by Barksdale of a portion of U.S. federal taxes payable under the *Foreign Investment in Real Property Tax Act* (United States) on behalf of the Company.

The issuance of the Payment Shares will be subject to certain conditions under the Share Purchase Agreement and will be issued in three tranches as follows:

- 3,483,333 Payment Shares to be issued immediately following completion of the Transaction (the "**First**

Tranche Shares");

- 7,333,333 Payment Shares to be issued 4 months after completion of the Transaction (the "**Second Tranche Shares**"); and

- 7,333,334 Payment Shares to be issued 8 months after completion of the Transaction (the "**Third Tranche Shares**").

The issuance of the Second Tranche Shares and the Third Tranche Shares will be conditional upon the Company and the Subsidiary, as applicable: (i) being in compliance with all of their obligations under the Share Purchase Agreement; and (ii) having distributed all of the First Tranche Shares and the Escrow Shares, by way of a dividend, a return of capital, or otherwise, to the Shareholders, in accordance with applicable securities laws and stock exchange rules, such that no Barksdale shareholder approval is required for the Transaction.

As described more particularly below, and subject to the approval by Shareholders and the TSX Venture Exchange (the "**TSXV**"), it is the intention of the Company to distribute all of the Barksdale Shares to the Company's Shareholders, and as such, assuming completion of the Transaction and approval of the distribution of the Barksdale Shares to the Shareholders (the "**Distribution**"), Shareholders would continue to maintain an indirect (and liquid) interest in the Sunnyside Project (as defined below), through their holdings in Barksdale Shares.

The Subsidiary constitutes all or substantially all of the assets of the Company. The Subsidiary's sole asset is its interest the Sunnyside project, located in Santa Cruz County, Arizona, USA (the "**Sunnyside Project**") through a joint venture with Barksdale and its affiliates.

The Company incurred significant losses from operations and currently has negative cash flows from operating activities, as more particularly described in the financial statements of the Company available to the Shareholders on the Company's website. Notwithstanding that the Company's management and directors have received no compensation for their services since the Company's August 6, 2020 annual general meeting (the "**2020 AGM**"), the Company continues to incur certain operating expenses, which are largely comprised of fees related to professional accounting and legal services. As the Company has no sources of revenue and is currently subject to the 2015 CTO, these expenses have been completely funded by the Mycroft Loans (as defined and discussed below). As a result, the Company is uncertain on its ability to have the 2015 CTO revoked and its ability to generate sufficient revenue or raise sufficient capital to continue as a going concern. The Board believes it is in the best interests of the Company to enter into the Transaction and provide Shareholders with an option of continued exposure to what would be a unified and consolidated interest in the Sunnyside Property or an ability to monetize their current interest in Regal by disposing of the Barksdale Shares they receive. Following the issuance of all Barksdale Shares and the distribution of same to Shareholders and provision for liabilities, it is expected that Regal will be subject to eventual liquidation and winding up.

B. Background to the Transaction

In August 2017, Regal, the Subsidiary and Barksdale entered into arm's length definitive agreements (which included the Contribution Agreement), whereby Barksdale acquired, by way of option and subject to underlying royalties, up to a 67.5% undivided interest in the Sunnyside Project (the "**Initial Barksdale Transaction**"). The option is exercisable in two stages with Barksdale entitled to acquire an initial 51% interest in the Sunnyside Project upon making certain upfront cash payments, issuing a number of Barksdale shares and incurring certain qualified expenditures on the property during the first two years of the option following receipt of all required governmental permits. Following acquisition of the initial 51% interest in the Sunnyside Project, Barksdale will be entitled to increase its interest to 67.5% of the Sunnyside Project upon payment of additional cash and share consideration, and incursion of additional qualified property expenditures. As of the date of this Circular, the applicable government permits required to advance additional exploration work on the Sunnyside Project have not been received and, as a result, the two year period for Barksdale to carry out the required expenditures to earn its interest has not begun. For more information on the Initial Barksdale Transaction, reference is made to the material change report of Barksdale dated and filed on SEDAR on August 17, 2017.

Following a number of strategic reviews sessions following the 2020 AGM, new management and the Company's

reconstituted Board determined that the sale of the Company's remaining interest in the Sunnyside Project was the best alternative available to Regal to maximize shareholder value based on the future outlook of Regal's business, while preserving the upside potential of the Sunnyside Project.

The following is a summary of the principal events, meetings, negotiations, discussions, and actions leading up to the public announcement of the Transaction:

- In early May, 2019, Mr. Gregory Thomas, former Chief Executive Officer and director of the Company, approached Barksdale indicating Regal's willingness to sell its remaining interest in the Sunnyside Project to Barksdale. Barksdale communicated a high degree of interest in pursuing discussions and suggested a number of possible dates to meet and discuss a potential transaction. Mr. Thomas did not commit to any meeting and in early June 2019, Mr. Thomas formally withdrew from further negotiations without reason.

- In September 2019, Mr. Thomas introduced Mr. Sauder to Barksdale as a consultant and the new intermediary for discussions between Regal and Barksdale.

- From September 2019 to May 2020, Mr. Sauder and Barksdale engaged in numerous informal discussions about the Sunnyside Project and potential paths forward for the Company. Certain noteworthy developments during this time include, but are not limited to:

    - In May 2020, negotiations between the Company and Barksdale became more formal and Barksdale provided the Company an indication of value for the Company's interest in the Sunnyside Project. The Company quickly rejected this approach from Barksdale as being insufficient to warrant further discussions;

    - Regal notified Barksdale that any further negotiations would be subject to the Company proceeding with its annual general meeting, such that the then properly elected directors of the Company could be confident that they were the legitimate representatives of the Company; and

    - In order to properly assess its options and the value of the Sunnyside Project, Regal retained the Advisory Group of KPMG LLP to provide it with a preliminary and objective assessment of the value of the Company's interest in the Sunnyside Project.

- In August 2020, the Company held its annual general meeting, where the current directors of the Company were elected.

- Following the 2020 AGM, the newly constituted Board convened to discuss, among other items, the Sunnyside Project and its alternatives. Subsequently, Regal's new management and Barksdale had a number of informal meetings throughout September and October 2020 concerning Sunnyside Project, the joint venture agreement and potential acquisition scenarios for Barksdale to consolidate its interest in the Sunnyside Project. In these meetings, Barksdale advised Regal that its strong preference in any acquisition scenario would be to acquire the Subsidiary, given the potential for unknown liabilities incurred by former Regal management and the 2015 CTO.

- In October 2020 and based on renewed discussions with Barksdale, the Company re-engaged KPMG to update and formalize its previous analysis of the Sunnyside Project to assist the Board in the assessment of any Barksdale proposal.

- In October 2020, representatives of both the Company and Barksdale met to discuss the Sunnyside Project and progress made on the property since the Initial Barksdale Transaction, and the future prospects for the property.

- In November 2020, Mr. David Shaw, a shareholder of the Company and trained and certified geologist with knowledge of the Sunnyside Project accepted an invitation of the Board to provide a technical overview of the Sunnyside Project and his views on its prospects, including its relation to the adjacent Hermosa mineral

property owned by Arizona Mining Inc., which was acquired by South32 Limited in August 2018, and for his views on the information provided to the Company by Barksdale in their October 2020 meeting.

- In December 2020, the Board received a report from KPMG that provided a preliminary estimate of the value of the Company's interest in the Sunnyside Project. Following receipt of the KPMG report, Regal reinitiated transaction discussions with Barksdale and provided Barksdale with its assessment of acceptable terms for a possible transaction. Barksdale discontinued discussions immediately based on its perceived gap in valuation ascribed to Regal's interest in the Sunnyside Project by each party.

- In February 2021, the Company was in active negotiations with one of its largest creditors, Denman Island Chocolates Ltd. ("**Denman**"), to prevent it from seeking to enforce repayment of approximately $1,725,000 of debt, including interest (the "**Denman Debt**"), incurred by former management of the Company.

- In February 2021, the Company and Barksdale entered in a mutual confidentiality agreement and shortly thereafter Barksdale provided the Company with a revised indication of value for the Company's interest in the Sunnyside Project. This indication of value was comprised of substantially similar elements as the one advanced in May 2020, but was of significantly higher valuation attributable to the rise in the price of Barksdale's shares since such time, and Regal's insistence on increasing the fair value ultimately attributable to Shareholders.

- In March 2021, the Company received an informal proposal from parties working together with former management and the Debentureholder (as defined below) concerning a potential property vend-in transaction (the "**Proposed Vend-In**"). The Board requested further information to assess this proposal, and ultimately determined that the terms of the Proposed Vend-In were incomplete and not in the best interest of the Company to pursue.

- Based on the revised indication of value, the parties begin negotiating terms of what will eventually become the basis of the Transaction, and how certain items such as tax consequences will be addressed and funded.

- In early April 2021, the Company and Denman agreed to a forbearance arrangement in respect of the Denman Debt, whereby in consideration of the Company agreeing to secure the Denman Debt by way of grant of a security interest against its assets, Denman agreed not to demand repayment or begin enforcement proceedings for a period of six months subject to certain exceptions, such as the majority of the individuals currently serving on the Board remain in such capacities and indebtedness of the Company ranking in priority to Denman not exceeding $1,000,000.00. For more information on the Denman Debt see the section entitled "*Related Matters*" in this Circular.

- In mid-April 2021, Board unanimously approves a non-binding letter of intent for the Transaction (the "**SPA LOI**").

- In late April 2021, the Company received a proposal from a third party as an alternative to the Transaction, which among other items, would have included a recapitalization of the Company and significant dilution to the Shareholders (the "**Proposed Recapitalization**"). The Board assessed this proposal and ultimately determined that it was not in the best interest of the Company to pursue.

- In late April 2021, Barksdale delivered a first draft of the Share Purchase Agreement to Regal and intensive negotiations ensued with a specific emphasis on tax matters.

- On May 10, 2021 the Board by way of a three to two majority vote approved the Company to enter into the Share Purchase Agreement.

- On May 11, 2021, the Share Purchase Agreement was finalized and executed by the parties thereto.

C. Interests of the Company's Directors in the Transaction

Director Compensation

Since the date of the 2020 AGM, the directors and management of the Company have not received any compensation in any form for their services to the Company. At the Board meeting to approve and authorize the Share Purchase Agreement and the Transaction in May 2021, the Board resolved to award each director (in each case, the "**Director Compensation**") the sum of $10,000 for their services as directors. In addition, Mr. Sauder and Mr. Carsky were each awarded an additional $40,000 for their substantial contributions to the overall management of the Company and for leading the negotiations with Barksdale in respect of the Transaction. However, given the Company's financial situation, lack of active income and the Board's unanimous agreement that it would not access the Mycroft Loans (as defined and discussed below) for this purpose, the Board further unanimously resolved that the Director Compensation would only be payable upon the completion of a funding transaction, whether that be with Barksdale or some alternative transaction.

If the Transaction is completed, the Director Compensation will become payable to the Board, as applicable.

If the Transaction is not completed, the Company will likely need to revisit director compensation and there is no certainty that any current or replacement director will continue or agree to serve in an uncompensated capacity.

Mycroft Loan

Since 2019 and the engagement of Mr. Sauder as a non-paid consultant of the Company, Mr. Sauder, through a corporation controlled by him, Mycroft Holdings Ltd. ("**Mycroft**"), has provided the Company certain funds to the Company to allow it to meet its obligations and fund its operating expenses. The funds advanced by Mycroft are secured by a first ranking security charge against the Company's assets and are evidenced by separate loan agreements (the "**Mycroft Loans**"), each of which has been unanimously authorized and approved by the Board (with the exception of Mr. Sauder who recused himself from all such approvals). The Mycroft Loans accrue interest at a rate of six (6%) percent per annum, calculated and compounded monthly. The aggregate balance owing to Mycroft by the Company as of the date of this Circular is approximately $345,000 (the "**Mycroft Debt Amount**").

As part of the Share Purchase Agreement and a condition in favour of Barksdale in respect of its obligations thereunder, Barksdale shall purchase the Mycroft Debt Amount from Mycroft and forgive same as part of set-off contemplated by the Debt Acquisition. The Board was specifically advised of this item by Mr. Sauder and Mr. Sauder further sought the Board's input on exchanging the Mycroft Loans for Barksdale shares using a per share value equal to that attributable to Shareholders under the Transaction. The Board unanimously encouraged Mr. Sauder in this regard as a means of Shareholder alignment.

As of the date of this Circular, Barksdale has not acquired the Mycroft Debt Amount from Mycroft.

Multilateral Instrument 61-101 Considerations

The Company is a reporting issuer in the Province of Ontario and is therefore subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), which is intended to regulate certain transactions to ensure equality of treatment among shareholders. The protections of MI 61-101 generally apply to a reporting issuer proposing to carry out a "business combination" (as defined in MI 61-101) that terminate the interests of shareholders without their consent. MI 61-101 provides that, in certain circumstances, where a "related party" of an issuer (as defined in MI 61-101 which includes directors, and senior officers of the Company and Shareholders holding over 10% of the Common Shares) would, as a consequence of the transaction, directly or indirectly acquire the issuer (whether alone or with joint actors) or is entitled to receive (a) consideration per equity security that is not identical to an amount to the entitlement of the general body of holders in Canada of securities of the same class; or (b) a "collateral benefit" (as defined in MI 61- 101) in connection with an arrangement (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements.

As the Transaction is a "business combination" for the purposes of MI 61-101, the minority approval requirements

of MI 61-101 apply in connection with the Transaction. In addition to obtaining approval of the Transaction Resolution by at least 66 2/3% of the votes cast by the Shareholders present in person or by proxy at the Meeting, approval will also be sought from a simple majority of the votes cast by the Shareholders present in person or by proxy at the Meeting, excluding the votes of any "interested parties", "related parties of interested parties" or "joint actors" whose votes may not be included in determining minority approval of a "business combination" under MI 61-101, as set out below.

For the purposes of MI 61-101, the Director Compensation does not fall within an exception to the definition of "collateral benefit" (as such term in defined in MI 61-101), as the directors entitled to the Director Compensation beneficially own or exercise control or direction over less than one (1%) of the Common Shares. As a result and for the purpose of obtaining the minority approval of the Transaction, votes attaching the 2,329,318 Common Shares beneficially owned or controlled by the Company's board of directors, representing 4.8% of the Common Shares, will be excluded.

With respect to the Mycroft Loan and notwithstanding that Mr. Sauder beneficially owns or exercises control or direction over less than one (1%) of the Common Shares, the acquisition of such loan may be characterized as a "collateral benefit" (as such term in defined in MI 61-101). As a result and notwithstanding the vote exclusion in connection with the Director Compensation, votes attaching the 181,818 Common Shares beneficially owned or controlled by Mr. Sauder will be excluded.

To the knowledge of the Company, after reasonable inquiry, no prior formal valuation of the Common Shares has occurred in the 24 months prior to the announcement of the Transaction.

D. Related Matters

Denman Debt

As part of the Share Purchase Agreement and a condition in favour of Barksdale in respect of its obligations thereunder, Barksdale shall purchase the Denman Debt from Denman and forgive same as part of set-off contemplated by the Debt Acquisition. The Share Purchase Agreement contemplates any acquisition of the Denman Debt conditional on Barksdale agreeing to reduce the rate of interest thereon from 12% to 8% and extending the forbearance period thereunder by an additional three months from November 2021 to January 2022 (the "**Revised Forbearance Period**").

Subsequent to the Share Purchase Agreement, Barksdale will acquire the Denman Debt from Denman, and become the Company's largest creditor by dollar amount.

Gardner Debt and BCSC Hearing

On August 29, 2012, the Company borrowed $900,000 by way of a debenture (the "**Debenture**") from Erika Gardner (the "**Debentureholder**"), the Mother-in-Law of Greg Thomas, the former Chief Executive Officer and director of the Company. The Debenture is a matured obligation of the Company.

In connection with the Share Purchase Agreement, Barksdale and the Company entered into a separate loan and general security agreement (the "**Bridge Loan**"), whereby Barksdale loaned the Company a total of $1,435,765.75 (the "**Bridge Loan Amount**"), representing the principal amount and accrued interest on the Debenture as of May 13, 2021. Under the terms of the Bridge Loan, the Company was obligated to use the Bridge Loan Amount to repay the Debenture. On May 13, 2021, the Company provided counsel to Ms. Gardner with the Bridge Loan Amount in full satisfaction of its matured obligations under the Debenture. On May 18, 2021, Ms. Gardner's legal counsel advised that she was refusing repayment and the Bridge Loan Amount was subsequently returned to the Company.

The Bridge Loan Amount forms part of the Debt Acquisition and will be forgiven upon closing of the Transaction.

In August of 2020 and immediately following the 2020 AGM, the Debentureholder requested that the Company attend to the conversion of the Debenture and interest thereon into Common Shares and warrants of the Company (the "**Attempted Conversion**"). The Company refused this request as it was prohibited from doing so under the

terms of the 2015 CTO. In February 2021, the Debentureholder applied to the BCSC for a partial revocation order of the 2015 CTO to permit the Attempted Conversion. The Company opposed the Attempted Conversion on the basis that it considers the Debenture to be a matured obligation of the Company and the Debentureholder has refused repayment, and that it would be prejudicial to public interest to allow the Debentureholder and by extension, Mr. Thomas as her joint actor, to achieve a control block position of the Company given their past conduct with the Company and the fact that the issuance of Debenture and its impact on control of the Company upon conversion never received shareholder approval. The matter is subject to a hearing of the BCSC currently scheduled for June 10 and 11, 2021 (the "**BCSC Hearing**"). The BCSC Hearing and the outcome thereunder relates only to the 2015 CTO and whether the Company is permitted to process the Attempted Conversion. If the BCSC Hearing finds in favour of the Debentureholder, the Company will still likely oppose the Attempted Conversion.

If the Transaction is approved by Shareholders and the Attempted Conversion is ultimately successful, the number of Barksdale Shares attributable to each Common Share will be significantly diluted. If, on the other hand, the Transaction is not approved by Shareholders and the Attempted Conversion is ultimately successful, the Company expects its various creditors, secured and otherwise, to initiate enforcement proceedings in respect of amounts owing. In such event, the assets of the Company, including its indirect interest in the Sunnyside Project, may be subject to sale and the proceeds from such sale could be significantly less than what is being offered under the Transaction.

Other Debts

The Company and the Subsidiary have a number of other creditors (not including accounts payable for professional services) representing aggregate indebtedness, including interest of approximately $75,000 (collectively, the "**Other Debts**"). The Other Debts form part of the Debt Acquisition and will be set off and forgiven upon closing of the Transaction.

Alternative Transaction and Financing Options Considered

From the date of the 2020 AGM to date of the SPA LOI, the Board continually and proactively assessed possible alternatives to the Transaction. As described above, only two other alternatives to the Transaction have been presented to the Company. Ultimately, the Board concluded that Proposed Vend-In and the Proposed Recapitalization were not only subject to a greater degree of completion risk, but were by their commercial terms inferior alternatives to the Transaction.

Under the Share Purchase Agreement, the Board is prohibited from soliciting or encouraging an alternative transaction to the Transaction. Notwithstanding the foregoing, the Board, in the exercise of their fiduciary duties, is permitted, acting on legal advice, to accept a superior offer to the Transaction. Subsequent to the Share Purchase Agreement, the Board received one indication of interest from a third party concerning a potential alternative to the Transaction (the "**Alternative Proposal**"). After deliberate consideration of the Alternative Proposal, the Board ultimately decided to not pursue such alternative, as the Board determined it to be financially inferior to the Transaction and subject to much greater uncertainty in respect of terms and ability to complete the transactions contemplated thereby. For more details on the Board's obligations in respect of alternatives to the Transactions, please refer to the section entitled "*Non-Solicitation and Superior Proposals*" on page 15 of this Circular.

E. Transaction Resolution

Shareholders of the Company are being asked to approve a special resolution, based on the draft special resolution attached to this Circular as Schedule "B", to authorize the Company's directors to complete the Transaction (the "**Transaction Resolution**").

F. Benefits to Shareholders

The Board considers this Transaction to have multiple benefits to the Shareholders. In general terms, the Transaction provides liquidity to Shareholders with a diversified portfolio of projects and management team, while ensuring that Shareholders continue to have interest in the Sunnyside Project by virtue of holding Barksdale Shares after the Distribution, other than Non-Resident Holders, who would be compensated with the equivalent cash value of the

Barksdale Shares they would otherwise have been entitled to. Additionally, as Shareholders would hold securities in a reporting issuer listed on the TSXV, they would have increased liquidity for their investment.

In terms of specific benefits, the Company notes the following:

- *Attractive Premium to Previous Regal Share Trading and Offering Prices* – The Transaction values Regal shares at $0.37 per Common Share, which includes repayment of all of Regal's outstanding debt and a partial payment of taxes owing on the Transaction. On this basis and based on the closing price of the Barksdale Shares on the TSXV as of the date hereof, the Transaction represents a premium of approximately 522% to Regal's December 5, 2015 closing price of $0.065 per Common Share, being the last trading day prior to the 2015 CTO being imposed. Barksdale's offer represents a 237% premium to price at which Regal completed its last equity financing on January 13, 2015 at $0.12 per Common Share.

- *Path to Liquidity* – Through no fault of their own, Shareholders have been unable to dispose of (or acquire additional) Common Shares for nearly six years. Upon receipt of applicable Barksdale Shares following the Distribution, Shareholders will be permitted to dispose or continue to hold such shares in accordance with their preference. In addition, the Barksdale Shares trade on the TSX-V, a more robust market, and one that exercises more regulatory oversight than the Company's previous principal trading market, the CSE.

- *A Unified Sunnyside Project* – Following completion of the Transaction, Barksdale will not be restricted by the current joint venture agreement and be entitled to advance the Sunnyside Project and allocate capital in the most advantageous and timely way possible for all of its shareholders, including former Regal Shareholders that want to continue to have access to the upside potential of Barksdale and the Sunnyside Project.

- *Access to other Barksdale Projects* – While Barksdale expects that the Sunnyside Project will be its most significant mineral property, it also provides its shareholders to a portfolio of other projects, including the 100% owned San Antonio, Canelo, and Goat Canyon properties near Sunnyside, in Arizona, as well as the drill-ready San Javier copper-gold project in located in Sonora, Mexico.

- *Elimination of Crippling Debt Burden* – With aggregate debt in excess of $3,745,000 as reported in the Company's unaudited interim financial statements for the six month period ended January 31, 2021, and no sources of active income to service or repay such debt, the Company's debt burden will continue to increase. Notwithstanding the 2015 CTO currently prevents financing to resolve the Company's debt burden, marketing the Company with its only asset being a passive minority interest (to the extent Barksdale completes its earn-in options) in the Sunnyside Project may present a challenge. If the Transaction is not completed for any reason, including not receiving Shareholder approval, there are significant concerns to the Company's ability to continue as a going concern. In addition and following the acquisition of the Denman Debt, following expiry of the Revised Forbearance Period, Barksdale may initiate proceedings to realize upon the Denman Debt and such proceedings may be costly to Company and result in liquidation of the Company.

- *Culmination of Extensive Negotiations and Evaluation of Alternatives* – The Company and Barksdale have had on and off discussions concerning the Sunnyside Property and Barksdale's goal of consolidating its interest in same over the course of the past couple of years. These discussions and the Company's assessment and evaluation of alternatives intensified subsequent to the Company's most recent annual general meeting, where new leadership was installed. The terms of the Transaction were subject of extensive deliberation and vigorous negotiation, and when contrasted to the other alternatives potentially available to the Company, including the Proposed Vend-In and the Proposed Reorganization, represent what the Company believes as the best possible outcome for the Shareholders.

- *Professional Mining Management and Access to Capital* – The Company's former management team is the source of many of the current challenges facing the Company. The Company's current management and Board, in executing their fiduciary duties, believe that putting this Transaction to the Shareholders is in their best interest. Following completion of the Transaction, former Regal Shareholders will be able to rely

on the deep mining bench strength of the Barksdale governance and leadership team. In addition, Barksdale has a number of high profile established Canadian mining companies as committed strategic shareholders; the most noteworthy of which are Teck Resources Ltd. and Osisko Development Corp.

G. Share Purchase Agreement

The following description of the Share Purchase Agreement is qualified in its entirety by the Share Purchase Agreement itself, which has been filed under the Company's SEDAR profile at www.sedar.com. Shareholders should review the Share Purchase Agreement in its entirety for a better understanding of the Transaction. Unless otherwise defined in this Circular, capitalized terms in this portion of the Circular shall have the meaning ascribed thereto in the Share Purchase Agreement.

Representations and Warranties

The Company made a number of representations and warranties with respect to its power and authorization to enter into the Share Purchase Agreement, as well as in respect of its ownership of the Company and in respect of the business and operation of the Company.

In particular, the Company in the Share Purchase Agreement represented and warranted, among other things, that:

- the Transaction is in the best interest of the Company;
- it would recommend to the Company's shareholders that they approve the Transaction;
- the Company is a valid corporation subsisting under the laws of British Columbia and it is up-to-date on its required corporate filings and similar returns;
- it is the sole registered and beneficial owner of the shares in the capital of its Subsidiary (the "**Purchased Shares**"), free and clear of all encumbrances, with good and marketable title thereto; and
- no person other than Barksdale has any contract or any right or privilege capable of becoming a contract for the purchase or acquisition of the Purchased Shares.

Further, in the Share Purchase Agreement, both the Company and the Subsidiary, represented and warranted, among other things:

- the incorporation, existence and status of the Subsidiary under its jurisdiction of incorporation;
- the authorized capital of the Subsidiary and there being no issued or outstanding shares in the capital of the Subsidiary other than the Purchased Shares;
- no person has a contract of any right or privilege capable of becoming a contract or right to any issued or un-issued shares or other securities of the Subsidiary;
- to the knowledge of the Company, the Subsidiary is not in default or alleged to be in default or poor standing in respect of any contracts relating to the business and assets of the Subsidiary;
- to the knowledge of the Company, the completion of the Transaction will not result in the breach or violation of any provisions of, or constitute default under, or conflict with any provision of the constating documents, or directors' resolutions of the Subsidiary; and
- to the knowledge of the Company, the Subsidiary has no liabilities, obligations, indebtedness or commitments which have not been disclosed to Barksdale.

Conditions to the Share Purchase Agreement

Conditions for the Benefit of the Purchaser

Conditions for the benefit of the Purchaser prior to completion of the Transaction include, among others:

- all of the representations and warranties of the Company being true and correct as of the date of the Share Purchase Agreement, and as of the Closing Date;
- the Purchaser completing its due diligence investigation of the Company and its operations in its sole satisfaction;
- the Company performing and complying with all of its obligations, covenants and agreements under the Share Purchase Agreement in all material respects;
- there being no material adverse effect or changes with respect to the Sunnyside Project or the business of Regal USA on or before the Closing Date;
- the Purchaser receiving approval of the TSXV for the transactions contemplated in the Share Purchase Agreement;
- the Purchaser purchasing the Denman Debt from Denman following the execution of the Share Purchase Agreement, whilst concurrently with such purchase also entering into an amending Agreement with the Company to reflect an amendment of the terms of the Denman Debt;
- the Purchaser purchasing the Mycroft Debt Amount from Mycroft following the execution of the Share Purchase Agreement;
- the Purchaser entering into the Bridge Loan whereby the Purchaser will provide funds to the Company in the amount equal to the principal and accrued interest owed to the Debentureholder from the date of execution of the Share Purchase Agreement (the "**Gardner Debt**");
- the Company using the proceeds from the Bridge Loan to repay the Gardner Debt;
- the Company obtaining all required approvals of the shareholders of the Company of the transactions contemplated in the Share Purchase Agreement;
- the Company providing certain closing deliverables, including the certificates representing the Purchased Shares, a certified copy of a resolution of the Board approving the Share Purchase Agreement and the transfer of the Purchased Shares to the Purchaser, a bring-down certificate of an officer of the Company and written resignations from each director or officer of the Subsidiary; and
- a favourable opinion letter dated the Closing Date and addressed to the Purchaser from the Company's legal counsel in respect of certain matters related to the Transaction that is in form and substance satisfactory to the Purchaser and the Purchaser's legal counsel.

Conditions for the Benefit of the Company

Conditions for the benefit of the Company prior to completion of the Transaction include, among others:

- all of the representations and warranties of the Purchaser being true and correct as of the date of the Share Purchase Agreement, and as of the Closing Date;
- the Company completing its due diligence investigation of the Purchaser and its operations in its sole

satisfaction;

- there being no material adverse effect or changes with respect to the Sunnyside Project and the Purchaser on or before the Closing Date;

- the Purchaser receiving approval of the TSXV for the transactions contemplated in the Share Purchase Agreement;

- the Company obtaining all required approvals of the shareholders of the Company of the transactions contemplated in the Share Purchase Agreement;

- the Purchaser performing and complying with all of its obligations, covenants and agreements under the Share Purchase Agreement in all material respects; and

- the Purchaser providing certain closing deliverables, including the certificates representing the Escrow Shares and the first tranche release of Payment Shares, a certified copy of a resolution of the Board approving the Share Purchase Agreement, and a bring-down certificate of an officer of the Purchaser.

Conditions for the Benefit of the Parties under the Share Purchase Agreement

Conditions for the benefit of the parties prior to completion of the Transaction include, among others:

- no injunction or restraining order of any court or administrative tribunal of competent jurisdiction will be in effect prohibiting the transactions contemplated by the Share Purchase Agreement; and

- no statute, rule, regulation or order shall have been enacted by any Governmental Authority in any jurisdiction, including Canada and any of its provinces or territories, that has the effect of making illegal or otherwise preventing or prohibiting completion of the transactions contemplated by the Share Purchase Agreement.

Covenants

Covenants of the Company

Covenants of the Company include, among others:

- to cause the operations of the business of the Subsidiary to be conducted in the ordinary course of business and to preserve intact its present business organization, and to take any and all such further actions reasonably requested by the Purchaser to the end that the business shall not be impaired in any material respect at the Closing Date;

- to use commercially reasonable efforts to preserve confidential and proprietary information relating to the business as confidential;

- to use commercially reasonable efforts to obtain all consents and to satisfy all conditions required to close the transactions contemplated by the Share Purchase Agreement;

- not to allow the Company to solicit or encourage any inquiries or proposals or initiate discussions or negotiations with, or provide any information to any third party (other than the Purchaser) concerning, or enter into any transaction involving, the acquisition of all or any part of the shares, assets or business of the Company;

- not to allow the Company to settle any litigation, proceeding or governmental or other regulatory investigation relating to the Subsidiary;

- not to make any change in respect of any securities of the Subsidiary, declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of its securities, or redeem or otherwise acquire any securities of the Subsidiary;

- not to allow the Subsidiary to create, incur or assume any new indebtedness; and

- not to do anything or permit the Subsidiary to do anything that would cause any of the representations and warranties of the Company under the Share Purchase Agreement or under any other document delivered pursuant to the Share Purchase Agreement to be false or misleading.

Covenants of the Purchaser

Covenants of the Purchaser include, among others:

- to cause the operations of the business of the Purchaser in the ordinary course of business and to preserve intact its present business organization, and to take any and all such further actions reasonably requested by the Company to the end that the business shall not be impaired in any material respect at the Closing Date;

- to use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the requirements of applicable securities laws in each of the provinces of British Columbia and Alberta until the date that is one year following the Closing Date, provided that this covenant shall not prevent the Purchaser from completing any transaction which would result in the Purchaser ceasing to be a "reporting issuer";

- to use its commercially reasonable efforts to maintain the listing of its common shares for trading on the TSXV or another recognized stock exchange in Canada for a period of one year following the Closing Date, provided that this covenant shall not prevent the Purchaser from completing any transaction which would result in the common shares of the Purchaser ceasing to be listed;

- to use commercially reasonable efforts to preserve confidential and proprietary information relating to the business as confidential; and

- to use commercially reasonable efforts to obtain all consents and to satisfy all conditions required to close the transactions contemplated by the Share Purchase Agreement.

Non-Solicitation and Superior Proposals

The Share Purchase Agreement provides that, subject to the exceptions outlined in greater detail below, from and after the date of the Share Purchase Agreement, the Company shall not directly or indirectly, through any officer, director, employee, representative, advisor or agent of the Company (the "**Representatives**") (and the Company shall cause its Representatives to not):

(a) solicit, assist, facilitate or encourage any inquiries or proposals regarding an Acquisition Proposal, including, by way of furnishing information through a site visit, or by entering into any form of agreement, arrangement or understanding in relation to an Acquisition Proposal;

(b) participate in any discussions or negotiations with any person (other than Barksdale or any of its affiliates) regarding an Acquisition Proposal;

(c) endorse, approve, accept, or recommend, or propose to publicly endorse, approve, accept or recommend any Acquisition Proposal;

(d) accept, remain neutral to, enter into, or publicly propose to accept or enter into, any agreement, understanding or arrangement in respect of an Acquisition Proposal; or

(e) make a change in recommendation contrary to the provisions of the Share Purchase Agreement, whereby the Board withdraws, amends, modifies, qualifies, fails to reaffirm, or proposes publicly to withdraw, withhold, amend, modify or qualify their recommendation of the Transaction.

Notwithstanding the foregoing, nothing shall prevent the Board from considering, and the Board shall be permitted to engage in discussions or negotiations with, or respond to enquiries from any Person that has made a *bona fide* unsolicited written Acquisition Proposal that the Board has determined, acting in good faith and after consultation with its financial advisors and legal counsel, constitutes or would reasonably be expected to result in a Superior Proposal.

The Share Purchase Agreement further provides that the Company and the Subsidiary shall immediately cease and cause to be terminated any existing discussions or negotiations with any Person (other than Barksdale) with respect to any potential Acquisition Proposal and, in connection therewith, each of the Company and the Subsidiary will discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request the return or destruction of all confidential information provided in connection therewith to the extent such information has not already been returned or destroyed.

From and after the date of the Share Purchase Agreement, the Company shall immediately provide notice to Barksdale of any unsolicited Acquisition Proposal or any proposal, inquiry, expression of interest, or offer that could lead to an Acquisition Proposal or any amendments to the foregoing or any request for non-public information relating to the Company or the Subsidiary in connection with such an Acquisition Proposal or for access to the properties, books or records of the Company or the Subsidiary by any Person that informs the Company or any member of the Board that it is considering making, or has made, an Acquisition Proposal. Such notice of the Company shall be made, from time to time, first immediately orally and then promptly (and in any event within 24 hours) in writing and shall indicate the identity of the Person making such proposal, inquiry or contact, all material terms thereof and such other details of the proposal, inquiry or contact known to the Company, and shall include copies of any such proposal, inquiry, offer or request or any amendment to any of the foregoing. The Company shall keep Barksdale promptly and fully informed of the status, including any change to the material terms, of any such Acquisition Proposal, offer, inquiry or request and will respond promptly to all inquiries by Barksdale with respect thereto.

Under the Share Purchase Agreement, the Company has agreed that it will not accept, approve or enter into any agreement (a "**Proposed Agreement**") with any person providing for or to facilitate any Acquisition Proposal unless:

(a) the Board, acting in good faith after consultation with its outside legal counsel, determines that the Acquisition Proposal constitutes a Superior Proposal;

(b) the Meeting has not occurred;

(c) the Company has complied with the relevant provisions of the Share Purchase Agreement;

(d) the Company has provided to Barksdale a notice in writing that there is a Superior Proposal together with all documentation related to and detailing the Superior Proposal, including a copy of any Proposed Agreement relating to such Superior Proposal, and a written notice from the Board regarding the value in financial terms that the Board has in consultation with its financial advisors determined in good faith should be ascribed to any non-cash consideration offered under the Superior Proposal, such documents to be so provided to Barksdale not less than five (5) business days prior to the earliest of the proposed acceptance, approval, recommendation or execution of the Proposed Agreement by the Company;

(e) five (5) business days shall have elapsed from the date Barksdale received the notice and documentation referred to in the Share Purchase Agreement from the Company (the "**Response Period**") and, if Barksdale has proposed to amend the terms of the Share Purchase Agreement and the Transaction in accordance with the Share Purchase Agreement, the Board shall have determined, in good faith, after consultation with its

financial advisors and outside legal counsel, that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Transaction by Barksdale; and

(f) the Company concurrently terminates the Share Purchase Agreement in accordance with the termination provisions therein.

Under the Share Purchase Agreement, the Company further agreed that it will not withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to Barksdale the approval or recommendation of the Transaction, nor accept, approve or recommend any Acquisition Proposal unless the requirements set forth in (a) through (f) above have been satisfied.

The Company and Barksdale further agreed, that during the five (5) business day period referred to above and the Response Period or such longer period as the Company may agree to for such purpose, Barksdale shall have the opportunity, but not the obligation, to propose to amend the terms of the Share Purchase Agreement and the Transaction and the Company shall co-operate with Barksdale with respect thereto, including negotiating in good faith with Barksdale to enable Barksdale to make such adjustments to the terms and conditions of the Share Purchase Agreement and the Transaction as Barksdale deems appropriate and as would enable Barksdale to proceed with the Transaction and any related transactions on such adjusted terms. The board of directors of the Company will review any proposal by Barksdale to amend the terms of the Transaction in order to determine, in good faith in the exercise of its fiduciary duties whether Barksdale's proposal to amend the Share Purchase Agreement and the Transaction would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the terms of the Transaction. Moreover, if the board of directors of the Company determines that the Acquisition Proposal would not be a Superior Proposal as compared to the Share Purchase Agreement as amended by Barksdale, then the Company will enter into an amendment to the Share Purchase Agreement and promptly reaffirm its recommendation of the Transaction through the issuance of a press release.

If: (i) Barksdale does not offer to amend the terms of the Share Purchase Agreement and the Transaction prior to the expiry of the Response Period; or (ii) the board of directors of the Company determines, acting in good faith and in the proper discharge of its fiduciary duties (after consultation with its financial advisor and after receiving advice from its outside counsel), that the Acquisition Proposal would nonetheless remain a Superior Proposal with respect to Barksdale's proposal to amend the Share Purchase Agreement and the Transaction in accordance with the paragraph above, and therefore rejects Barksdale's offer to amend the Share Purchase Agreement and the Transaction, the Company shall be entitled to terminate the Share Purchase Agreement for the purposes of entering into a binding written agreement with respect to a Superior Proposal, following the expiry of the Response Period and enter into the Proposed Agreement.

Nothing in the Share Purchase Agreement shall prevent the Board from responding through a directors' circular or otherwise as required by applicable securities laws to an Acquisition Proposal that it determines is not a Superior Proposal. Further, nothing in the Share Purchase Agreement shall prevent the Company or the Board from making any disclosure to the Company's securityholders if the Board, acting in good faith and upon the advice of its outside legal counsel, shall have first determined that the failure to make such disclosure would be inconsistent with its fiduciary duties or such disclosure is otherwise required under applicable law; provided, however, that, notwithstanding the Company and the Board shall be permitted to make such disclosure, the Board shall not be permitted to make a change in its recommendation, other than as permitted by Section 7.2 of the Share Purchase Agreement. In any such case, Barksdale and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such disclosure, recognizing that whether or not such comments are appropriate will be determined by the Company, acting reasonably.

Termination

The Share Purchase Agreement may be terminated, at any time prior to the Effective Time, as follows:

(a) by mutual written consent of the Company and Barksdale;

(b) by either the Company or Barksdale, if:

(i) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate the Share Purchase Agreement under this subsection shall not be available to any Party whose failure to fulfill any of its obligations or breach of any of its representations and warranties under the Share Purchase Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date;

(ii) after the date of the Share Purchase Agreement, there shall be enacted or made applicable any law that makes consummation of the Transaction illegal or otherwise prohibited or enjoins the Company, the Subsidiary or Barksdale from consummating the Transaction and such applicable law or enjoinment shall have become final and non-appealable;

(iii) Shareholder approval of the Transaction shall not have been obtained at the Meeting in accordance with the Share Purchase Agreement; or

(iv) the Company or Barksdale has determined, acting reasonably, that a Material Adverse Effect in respect of the other party or any event, occurrence, circumstance, or development that would reasonably be expected to have a Material Adverse Effect in respect of the other party has occurred;

(c) by Barksdale, if:

(i) either: (A) except as permitted by Section 7.2 of the Share Purchase Agreement, the Board fails to recommend or withdraws, amends, modifies or qualifies, in a manner adverse to Barksdale or fails to publicly reaffirm its recommendation of the Transaction within five (5) Business Days (and in any case prior to the Meeting) after having been requested in writing by Barksdale to do so, in a manner adverse to Barksdale; (B) the Board or a committee thereof shall have approved or recommended any Acquisition Proposal; or (C) the Company or the Subsidiary shall have breached the Share Purchase Agreement in any material respect;

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company or the Subsidiary set forth in the Share Purchase Agreement shall have occurred that would cause the conditions set forth in Section 4.1 of the Share Purchase Agreement not to be satisfied and such conditions are incapable of being satisfied by the Outside Date; provided that Barksdale is not then in breach of the Share Purchase Agreement so as to cause any condition set forth in Section 4.1 of the Share Purchase Agreement not to be satisfied; or

(iii) the Company fails to hold the Meeting on or before July 7, 2021 (or such other later date consented to by Barksdale), provided that such right to terminate the Share Purchase Agreement shall not be available to Barksdale if the failure by Barksdale to fulfil any obligation under the Share Purchase Agreement is the cause of, or results in, the failure of the Meeting to occur on or before such date;

(d) by the Company, if:

(i) either: (A) the Board shall have approved or recommended any Acquisition Proposal; or (B) Barksdale shall have breached the Share Purchase Agreement in any material respect;

(ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Barksdale set forth in the Share Purchase Agreement shall have occurred that would cause the conditions set forth in Section 4.2 of the Share Purchase Agreement not to be satisfied and such conditions are incapable of being satisfied by the Outside Date and provided that the Company or the Subsidiary is not then in breach of the Share Purchase Agreement so as to cause any condition in Section 4.2 of the Share Purchase Agreement not to be satisfied;

(iii) Barksdale has been notified in writing by the Company of a Proposed Agreement of the Share

Purchase Agreement and either: (A) Barksdale does not deliver an amended Transaction proposal within five (5) Business Days of delivery of the Proposed Agreement to Barksdale; or (2) Barksdale delivers an amended Transaction proposal pursuant to the Share Purchase Agreement but the Board determines, acting in good faith and in the proper discharge of its fiduciary duties, that the Acquisition Proposal provided in the Proposed Agreement continues to be a Superior Proposal in comparison to the amended Transaction terms offered by Barksdale; or

(iv) it wishes to enter into a binding written agreement with respect to a Superior Proposal, subject to compliance with Section 8.1 of the Share Purchase Agreement in all material respects.

Expenses and Termination Fees

Each of the Company and Barksdale will be responsible for its own expenses incurred in connection with its evaluation and pursuit of the Transaction; provided, however, that

(a) Barksdale shall reimburse the Company for reasonable and documented out-of-pocket expenses related to the Transaction, subject to a maximum amount of $150,000 (the "**Regal Transaction Expenses**");

(b) if the Transaction is not approved by Shareholders at the Meeting (and the failure to obtain such approval is not due to a Material Adverse Change in respect of Barksdale), then the Company shall reimburse Barksdale for all of its out-of-pocket expenses incurred in connection with the pursuit of the Transactions, subject to a maximum amount of $150,000 and, for greater certainty, Barksdale shall not be required to reimburse the Company for the Regal Transaction Expenses as contemplated by (a) above and, at the discretion of the Company and the Subsidiary, such amounts may be instead set-off against amounts payable by Arizona Standard to the Subsidiary pursuant to Article III of the Contribution Agreement;

(c) if the Transaction is not approved by Shareholders at the Meeting, and the volume weighted average price of Barksdale's common shares on the TSXV for the five (5) trading days immediately prior to the date of the Meeting has decreased by 25% or more from the closing price of Barksdale's common shares on the TSXV on the date hereof, then each of the Company and Barksdale will be responsible for its own expenses and Barksdale shall not be required to reimburse the Company for the Regal Transaction Expenses as contemplated by (a) above; and

(d) (A) if the Gardner Debt is converted into common shares in the capital of the Company and the Transaction is not approved by Shareholders at the Meeting, or (B) an injunction or other proceeding has commenced or been granted that in either case prevents the completion of the Transaction by the Outside Date, then each of the Company and Barksdale will be responsible for its own expenses and Barksdale shall not be required to reimburse the Company for the Regal Transaction Expenses as contemplated by (a) above.

Further, if the parties agree subsequent to entering into this Agreement that Barksdale shall subsidize certain of the Company's additional expenses incurred in connection with seeking approval of the Transaction from Shareholders at the Meeting (including marketing, retention of a proxy solicitation agent, etc.), and the Transaction is not approved by Shareholders at the Meeting, the Company shall reimburse Barksdale for any and all such expenses plus a mark-up of 100%, or as otherwise agreed by the parties, and at the discretion of the Company and the Subsidiary, such amounts may be instead set-off against amounts payable by Arizona Standard to the Subsidiary pursuant to Article III of the Contribution Agreement.

If a Termination Fee Event occurs, the Company shall cause the amount of $250,000 (the "**Termination Fee**") to be set-off against amounts payable by Arizona Standard to the Subsidiary pursuant to Article III of the Contribution Agreement. If a Termination Fee Event occurs pursuant to Section 7.4(4)(a) of the Share Purchase Agreement, the Termination Fee shall be payable to Barksdale within two (2) Business Days following such Termination Fee Event. If a Termination Fee Event occurs pursuant to Section 7.4(4)(b), the Termination Fee shall be paid to Barksdale in accordance with Section 7.3(1)(e). If a Termination Fee Event occurs in the circumstances set out in 7.4(4)(c), the Termination Fee shall be payable to Barksdale within two (2) Business Days following the closing of the applicable transaction referred to therein. The payment of any Termination Fee upon the occurrence of a Termination Fee

Event shall be made by way of set-off against amounts payable by Arizona Standard to the Subsidiary pursuant to Article III of the Contribution Agreement.

Indemnity and Limitation of Liability

Pursuant to the Share Purchase Agreement, the Company has agreed to indemnify the Purchaser, and the Purchaser has agreed to indemnify the Company for any loss suffered in connection with any inaccuracy of or any breach of any representation or warranty. The obligation of the parties to the Share Purchase Agreement to indemnify each other are applicable only if the aggregate of all losses suffered or incurred by a party is in excess of $50,000.

A. Dissent Rights

The following is a summary of the provisions of the BCBCA relating to a Shareholder's dissent rights in respect of the Transaction Resolution (the "**Dissent Rights**"). Such summary is not a comprehensive statement of the procedures to be followed by a Shareholder who exercises the Dissent Rights and is qualified in its entirety by reference to the full text of Sections 237 to 247 of the BCBCA, which are attached to this Circular as Schedule "B".

The statutory provisions dealing with the Dissent Rights are technical and complex. Any Shareholders wishing to exercise their Dissent Rights should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 to 247 of the BCBCA may prejudice their Dissent Rights.

Each registered Shareholder who fails to exercise the registered Shareholder's Dissent Right strictly in accordance with the dissent procedures described below and in the BCBCA will be deemed to have:

(a) failed to exercise the Dissent Rights validly, and consequently to have waived the Dissent Rights, and

(b) ceased to be entitled to be paid the fair market value of the registered Shareholder's Common Shares.

Only registered Shareholders are entitled to Dissent Rights. Any non-registered or Beneficial Shareholder ("**Non-Registered Holder**") who wishes to dissent should arrange to have his, her or its Common Shares registered in his, her or its name before the applicable deadline for exercising the Dissent Rights or should make arrangements with the registered holder of his, her or its Common Shares to exercise the Dissent Rights on his, her or its behalf.

Pursuant to Section 238 of the BCBCA, every registered Shareholder who dissents from the Transaction Resolution (a "**Dissenting Shareholder**") in compliance with Sections 237 to 247 of the BCBCA will be entitled, if the Transaction Resolution becomes effective, to be paid by the Company the fair market value of the Common Shares held by such Dissenting Shareholder, such value to be determined at the close of business on the last business day before the day of the Meeting.

A Dissenting Shareholder must dissent with respect to all Common Shares registered in the name of the Dissenting Shareholder. A registered Shareholder who wishes to dissent must deliver written notice of dissent (a "**Notice of Dissent**") to the Company at its office at 203 – 2780 Granville Street, Vancouver, British Columbia, V6H 3J3, Attention: President and CEO, and the Notice of Dissent must comply with the requirements of Section 242 of the BCBCA. The Notice of Dissent must be sent to the Company at least two days before the day of the Meeting or any adjournment of the Meeting. Since the date of the Meeting is July 7, 2021, a notice of dissent must be received by the Company no later than 10:00 a.m. (Pacific time) on July 5, 2021 or at least two days immediately before any date to which the Meeting may be postponed or adjourned.

Any failure by a Shareholder to fully comply may result in the loss of that Shareholder's Dissent Rights. Non-Registered Holders who wish to exercise Dissent Rights must arrange for the registered Shareholder holding their Common Shares to deliver the Notice of Dissent.

The delivery of a Notice of Dissent does not deprive a Dissenting Shareholder of the right to vote at the Meeting on

the Transaction Resolution; however, a Dissenting Shareholder is not entitled to exercise the Dissent Rights with respect to any of his, her or its Common Shares if the Dissenting Shareholder votes in favour of the Transaction Resolution. A vote against the Transaction Resolution, whether at the Meeting or by proxy, does not constitute a Notice of Dissent.

A Dissenting Shareholder must prepare a separate Notice of Dissent for him or herself, if dissenting on his, her or its own behalf, and for each other person who beneficially owns Common Shares registered in the Dissenting Shareholder's name and on whose behalf the Dissenting Shareholder is dissenting; and must dissent with respect to all of the Common Shares registered in his, her or its name beneficially owned by the Non-Registered Holder on whose behalf he or she is dissenting.

The Notice of Dissent must set out the number of Common Shares in respect of which the Notice of Dissent is to be sent (the "**Notice Shares**") and must include:

(a) if such Common Shares are all of the Common Shares of which the Dissenting Shareholder is both the registered and beneficial owner and the Dissenting Shareholder owns no other Common Shares as beneficial owner, a statement to that effect;

(b) if such Common Shares are all of the Common Shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns additional Common Shares as beneficial owner, a statement to that effect and;

    (i) the names of the registered Shareholders,

    (ii) the number of Common Shares held by each of those registered Shareholders, and

    (iii) a statement that written notices of dissent are being, or have been, sent with respect to all those other Common Shares; or

(c) if the Dissent Rights are being exercised by a registered Shareholder on behalf of a beneficial owner of such Common Shares who is not the Dissenting Shareholder, a statement to that effect and:

    (i) the name and address of the beneficial owner, and

    (ii) a statement that the registered owner is dissenting in relation to all of the Common Shares beneficially owned by the beneficial owner that are registered in the registered Shareholder's name.

If the Transaction Resolution is approved by the Shareholders and if the Company notifies the Dissenting Shareholders of its intention to act upon the Transaction Resolution, the Dissenting Shareholder is then required within one month after the Company gives such notice, to send to the Company, the certificates representing the Notice Shares and a written statement that requires the Company to purchase all of the Notice Shares. If the Dissent Right is being exercised by the Dissenting Shareholder on behalf of a Non-Registered Holder who is not the Dissenting Shareholder, a statement signed by the beneficial owner is required which sets out whether the beneficial owner is the beneficial owner of other Common Shares and if so, (i) the names of the registered owners of such Common Shares; (ii) the number of such Common Shares; and (iii) that dissent is being exercised in relation to all of those Common Shares. Upon delivery of these documents, the Dissenting Shareholder is deemed to have sold the Common Shares and the Company is deemed to have purchased them. Once the Dissenting Shareholder has done this, the Dissenting Shareholder may not vote or exercise any shareholder rights in respect of the Notice Shares.

The Dissenting Shareholder and the Company may agree on the payout value of the Notice Shares; otherwise, either party may apply to the court to determine the fair value of the Notice Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the court. After a determination of the payout value of the Notice Shares, the Company must then promptly pay that amount to the Dissenting Shareholder.

A Dissenting Shareholder loses his, her or its Dissent Right if, before full payment is made for the Notice Shares, the

Company abandons the corporate action that has given rise to the Dissent Right (namely the Transaction), a court permanently enjoins the action, or the Dissenting Shareholder withdraws the Notice of Dissent with the Company's consent. When these events occur, the Company must return the share certificates to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise Shareholder rights.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA. **Persons who are Non-Registered Holders of Common Shares registered in the name of an intermediary such as a broker, custodian, nominee, other intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such Common Shares is entitled to dissent.**

Any Shareholder wishing to exercise the Dissent Rights should seek his, her or its own legal advice as failure to comply strictly with the applicable provisions of the BCBCA may prejudice the availability of such Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

B. Recommendation of the Board

On the basis of a 3:2 majority (with Messrs. Sauder, Carsky and Daly voting **FOR** and Messrs. Louie and Brass voting **AGAINST**), the Board approved the Transaction Resolution.

The majority of the Board recommends that Shareholders vote **FOR** the Transaction Resolution. The persons representing management of the Company named on the enclosed form of proxy intend to vote **FOR** the Transaction Resolution, unless the Shareholder specifies otherwise in the form of proxy.

C. Description of Barksdale

Barksdale is a corporation existing under the BCBCA. Barksdale is currently listed as a "mining issuer" on the Tier 2 of the TSXV under the symbol BRO. In December 2020, Barksdale listed its common shares on the OTCQX in the United States under the symbol BRKCF. Barksdale's principal business activities include the acquisition and exploration of precious and base metal mineral properties in Arizona, USA and Sonora, Mexico. Currently, Barksdale holds interests in multiple exploration projects within the Patagonia Mining district located in Santa Cruz County, Arizona. These projects include Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon as well as the Guajolote property, for which Barksdale holds both private surface and mineral rights. In addition, Barksdale has acquired an interest in the San Javier copper-gold project located in Sonora, Mexico, which it will begin an exploration drilling program in mid-2021, following receipt of drilling permits.

The Sunnyside Project is comprised of 286 unpatented mining claims totaling approximately 5,223.71 acres (2,113.96 hectares) located in the Patagonia Mountains of southern Arizona approximately 90 minutes' drive south of Tucson (population ~ 530,000). The Sunnyside Project is cored by a large intrusive complex, confirmed by previous drilling, that is interpreted to have driven a large hydrothermal system which resulted in deposition of a classically zoned porphyry copper deposit and associated distal, polymetallic skarn (Cu, Pb, Zn, Ag) and carbonate replacement deposits. The primary near-term exploration target is a skarn located on the northeast margin of the intrusive complex that is likely to host copper-zinc-lead-silver mineralization interpreted to be the extension of the world-class Taylor deposit (South32 Limited).

Sunnyside is located within the Coronado National Forest, which requires exploration activities at Sunnyside to be conducted under a Plan of Operations ("**PoO**") with the U.S. Forest Service ("USFS"), which owns all surface rights at the Property. Access to the Project area and claim block is via public roads and USFS roads. Once the permit is issued, a suitable reclamation bond will need to be posted, as determined by the USFS. Planned systematic exploration on the Sunnyside Project will proceed upon final pending approval of exploration drilling permits and acceptance of reclamation bond.

Scientific and technical information in this Circular as it relates to Barksdale has been reviewed and approved by Lewis Teal, Senior Consultant to Barksdale and a "Qualified Person" as defined under National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

Consolidated Capitalization

The following table sets forth the consolidated capitalization of Barksdale at the dates indicated. This table should be read in conjunction with the audited consolidated financial statements of Barksdale for the year ended March 31, 2020, the unaudited consolidated financial statements of Barksdale for the nine months ended December 31, 2020, and the related notes and management's discussion and analysis of financial condition and results of operations in respect of those statements.

Type of Security	Issued and Outstanding as at May 11, 2021 Prior to Giving Effect to the Transaction	Issued and Outstanding as at May 11, 2021 After to Giving Effect to the Transaction
Common Shares	63,326,806	82,822,116[(1)]
Warrants	8,777,357[(2)]	8,777,357[(2)]
Options	6,091,028[(3)]	6,091,028[(3)]

Notes:

(1) Assuming full issuance of all Payment Shares under the Share Purchase Agreement and including shares to be issued in connection with the Denman Debt.
(2) These warrants have a weighted average exercise price of $0.55 per share.
(3) These options have a weighted average exercise price of $0.53 per share.

Prior Sales

For the 12 month period prior to the date of this Circular, Barksdale issued the following common shares:

Date of Issuance	Number of Common Shares Issued	Price Per Common Share ($)	Type of Transaction
June 15, 2020	89,445	$0.38	Payment under Property Option Agreement
September 30, 2020[(1)]	15,263,158	$0.38	Non-brokered private placement
September 30, 2020	2,600,000	$0.38	Payment under Property Option Agreement
October 1, 2020[(1)]	1,381,579	$0.38	Non-brokered private placement
October 30, 2020	25,000	$0.54	Payment under asset purchase transaction
April 27, 2021	61,888	$0.48	Payment under Property Option Agreement

Notes:

(1) These common shares were issued in connection with a non-brokered private placement of units of Barksdale at a price of $0.38 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant.

Trading Price and Volume

Barksdale's common shares are listed on the TSXV under the trading symbol "BRO". The following tables sets out information relating to the trading of Barksdale's common shares on the TSXV for the months (or periods) indicated.

Period	High ($)	Low ($)	Volume
June 2020	0.400	0.300	398,900
July 2020	0.440	0.330	692,800
August 2020	0.530	0.400	732,200
September 2020	0.600	0.410	1,614,100
October 2020	0.560	0.450	1,412,000
November 2020	0.700	0.490	831,000
December 2020	0.660	0.470	944,300
January 2021	0.690	0.490	1,609,900
February 2021	0.510	0.430	1,513,400
March 2021	0.690	0.460	1,706,700
April 2021	0.560	0.460	606,800
May 2021	0.700	0.480	1,860,300
June 1, 2021 – June 8, 2021	0.650	0.580	480,877

D. Transaction Risk Factors

Completion of the Transaction is subject to certain risks, including that the Company may fail to obtain necessary consents and approvals for the Transaction, in a timely manner or at all. Following completion of the Transaction, Barksdale may be unable to meet the continued listing requirements of the TSXV, in which case the Barksdale Shares may be delisted from the TSXV and the liquidity of the Barksdale Shares may be impaired.

If the Transaction is completed, there is no assurance that the Company or its Shareholders will realize on the anticipated benefits of the Transaction.

If the Transaction is completed, and the Shareholders approve the Distribution, the Shareholders' Barksdale Shares will be subject to the risks of Barksdale's operation and business. These risk factors are outlined in Barksdale's management discussion and analysis for the year ended March 31, 2019 and for the nine months ended December 31, 2020. In addition, if the Transaction is completed, and the Distribution is completed, the Shareholders will continue to be subject to the risks of the Company's operation and business.

THE DISTRIBUTION

Holders of Common Shares are not required to pay for the Barksdale Shares to be received by them by way of the Distribution, or tender or surrender their Common Shares or take any other action in connection with the Distribution, other than providing a declaration of residency. If a shareholder fails to provide a declaration of Canadian residency, the shareholder will be deemed to be a Non-Resident or if the broker through which a shareholder holds its Common Shares fails to provide a declaration of Canadian residency on behalf of the shareholder, the shareholder may be deemed to be a Non-Resident (see "The Distribution"). All registered shareholders are urged to provide the necessary residency declaration and all shareholders who hold their shares through a brokerage or other account are urged to contact their brokers to ensure the brokers provide the necessary residency declaration, where available.

In connection with the Transaction, the Board has determined that the business of the Company should not include the passive investment into the business of Barksdale, and as such the Barksdale Shares should be distributed to the Shareholders of the Company pursuant to the Distribution. Accordingly, in order to conduct the Distribution in a tax efficient manner, the Board recommends that Shareholders authorize the Company's directors to proceed with a special distribution to the Shareholders in the amount of approximately $5 million, payable to the Shareholders in Barksdale Shares, forthwith upon completion of the Transaction, by way of a return of capital and corresponding reduction of the stated capital held in respect of the Common Shares.

The directors may fix the exact amount of the return of capital and stated capital reduction per Common Share, determine the precise date, in compliance with any regulatory requirements, when such reductions take effect, perform the reduction of stated capital and distribution of the proceeds of the same to the Shareholders of the Company. If appropriate, the Distribution would be made to the shareholders of record on the day selected by the Board.

The Barksdale Shares distributed pursuant to the Distribution will not be registered under the laws of any foreign jurisdiction, including the United States *Securities Act of 1933*, as amended. Consequently, no Barksdale Shares will be delivered to any registered or beneficial shareholders of the Company who are, or who appear to the Company or the custodian appointed to hold such Barksdale Shares (the "**Custodian**"), as appointed by the Board, to be a non-resident of Canada ("**Non-Resident**" or "**Non-Resident Holder**") within the meaning of the *Income Tax Act* (Canada) (the "**Tax Act**"). Such Barksdale Shares will be delivered by the Company to the Custodian for sale by the Custodian on behalf of all Non-Residents. Such Barksdale Shares will be sold by the Custodian through a registered securities broker or dealer (the "**Selling Agent**") retained for the purpose of effecting a sale of such Barksdale Shares on behalf of Non-Residents. Such Non-Residents will receive from the Custodian their pro rata share of the cash proceeds from the sales of such Barksdale Shares, less any commissions, expenses and any applicable withholding taxes. Shareholders, or their brokers, will have to provide a declaration of Canadian residency to Computershare Investors Services Inc., as registrar and transfer agent of the Common Shares (the "**Transfer Agent**") or CDS Clearing and Depository Services Inc. (the "**Depository**" or "**CDS**"), failing which, such holders will be deemed to be Non-Residents. There may be adverse tax consequences to Non-Residents from this sale

process. Non-Residents should consult their tax, legal, and investment advisors with respect to the Transaction and the sale process defined herein. See also "Certain Canadian Federal Income Tax Considerations."

A. Distribution Resolution

Shareholders of the Company are being asked to approve a special resolution, based on the draft special resolution attached to this circular as Schedule "C", to authorize the Company's directors to choose the appropriate date for, provided that such date is forthwith upon completion of the Transaction and in compliance with any regulatory requirements, and fix the amount of a return in capital and corresponding reduction in stated capital and if appropriate to proceed with the Distribution (the "**Distribution Resolution**").

B. Recommendation of the Board

The Board unanimously approved the Distribution Resolution.

The Board recommends that Shareholders vote **FOR** the Distribution Resolution. The persons representing management of the Company named on the enclosed form of proxy intend to vote **FOR** the Distribution Resolution, unless the Shareholder specifies otherwise in the form of proxy.

C. Particulars Regarding Declaration of Residency

The Barksdale Shares issuable pursuant to this Prospectus will not be registered under the laws of any foreign jurisdiction, including the United States *Securities Act of 1933*, as amended. Consequently, no Barksdale Shares will be delivered to any registered or beneficial holder of Common Shares who is, or who appears to the Company or the Custodian to be, a Non-Resident. Such Barksdale Shares will be delivered by the Company to the Custodian for sale by the Custodian on behalf of Non-Residents. The Barksdale Shares will be sold by the Custodian through the Selling Agent for the purpose of effecting sales of the Barksdale Shares on behalf of Non-Residents. Such Non-Residents will receive from the Custodian their pro rata share of the cash proceeds from the sale of such Barksdale Shares, less commissions, expenses and any applicable withholding taxes. All Barksdale Shares will be pooled and sold as soon as practicable in transactions effected on an applicable stock exchange. In exercising the sale of any Barksdale Shares, the Selling Agent will exercise its sole judgment as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. None of the Company, the Custodian nor the Selling Agent will be liable for any loss arising out of any sale of such Barksdale Shares relating to the manner or timing of such sales, the prices at which Barksdale Shares are sold or otherwise. The sale price of Barksdale Shares sold on behalf of such persons will fluctuate with the market price of the Barksdale Shares and no assurance can be given that any particular price will be received upon any such sale. Registered holders of Common Shares will receive a form of declaration of residency from the Transfer Agent. The brokers through which beneficial holders of Common Shares hold their Common Shares will receive a form of declaration of residency from CDS. The Company understands that such brokers should provide the necessary declaration on behalf of their clients; however, beneficial holders of Common Shares are urged to contact their brokers or other Depository participant through which they hold their Common Shares in respect of this residency declaration requirement. If a Shareholder fails to declare that the shareholder is not a Non-Resident on or before such date as specified in the residency declaration provided to them, the Shareholder may be deemed to be a Non-Resident on that date. Unless the Company has actual knowledge to the contrary, all registered holders of Common Shares whose address on the shareholder register on the Record Date is outside of Canada will be deemed to be Non-Residents. If a broker or other Depository participant fails to provide the necessary declaration of Canadian residency on behalf of their clients on or before such date specified on the residency declaration provided to Shareholders, the applicable beneficial holders of Common Shares will be deemed to be Non-Residents on that date. There may be adverse tax consequences to Non-Residents from this sale process. See also "Certain Canadian Federal Income Tax Considerations".

D. Certain Canadian Federal Income Tax Considerations

The following is a general summary of certain of the Canadian federal income tax considerations arising in respect of the receipt, holding and disposition of the Barksdale Shares by a Shareholder of the Company who, as beneficial owner, receives such Barksdale Shares under the Distribution and who, for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**") and at all relevant times, (i) deals at

arm's length with the Company and Barksdale, (ii) is not affiliated with the Company or Barksdale, and (iii) holds the Barksdale Shares, and the Common Shares, as capital property. A holder who meets all of the foregoing requirements is referred to as a "Holder" in this summary, and this summary only addresses such Holders.

This summary is based on the provisions of the Tax Act and the Regulations in force on the date hereof and our understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act or the Regulations announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all such Proposed Amendments will be enacted in their present form. No assurance can be given that any Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or changes in the administrative policies and assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ materially from those described in this summary.

This summary is not applicable to (i) a Holder that is a "specified financial institution", (ii) a Holder an interest in which is a "tax shelter investment", (iii) a Holder that is for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules) a "financial institution", (iv) a Holder that reports its "Canadian tax results" in a currency other than Canadian currency, (v) a Holder that has entered into or will enter into a "derivative forward agreement" with respect to the relevant securities, in each case as such terms are defined in the Tax Act, or (vi) a Holder that is otherwise of special status or in special circumstances. All such foregoing Holders should consult their own tax advisors.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada, and is, or becomes, controlled by a non-resident for purposes of the "foreign affiliate dumping" rules in the Tax Act. Such Holders should also consult their own tax advisors.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. It does not take into account or consider the tax laws of any province or territory or of any jurisdiction outside Canada. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder (including a Holder as defined above), and no representations concerning the tax consequences to any particular Holder are made. Holders should consult their own tax advisers regarding the income tax considerations applicable to them having regard to their own particular circumstances.

The Transaction and Distribution are taxable events to the Company, the tax effects of which depend on all relevant factors. There can be no guarantee that the Transaction or Distribution will not result in a net cash tax liability to the Company, but Management does not expect this result. No tax ruling or legal opinion has been sought or obtained in this regard, and the potential tax consequences to the Company are not further discussed in this summary.

Assumptions Regarding Return of Capital

The achievement of the intended tax treatment of the Distribution to Holders depends on the fair market value of the Barksdale Shares at the effective time of each distribution of Barksdale Shares to Shareholders, the "paid-up capital" of the Common Shares as defined below, and on a number of other important assumptions, including those referenced below. No legal opinion or advance tax ruling has been sought or obtained with respect to the fair market value, the "paid-up capital", or the various assumptions or tax treatment of the Distribution. Accordingly, it is possible that the actual tax treatment under the Tax Act could be different from the intended tax treatment. All Holders are advised to consult with their own tax advisors in this regard in light of their particular circumstances.

Distributions made by corporations that are "public corporations" for purposes of the Tax Act, such as the Company, are generally characterized as taxable dividends for the purposes of the Tax Act, unless a specific exemption applies. Subsection 84(2) of the Tax Act provides, in effect, that a distribution made to shareholders on a "winding-up, discontinuance or reorganization of its [the Company's] business", will be taxed as a dividend to the extent that the amount or value of the funds or property distributed exceeds the amount by which the "paid-up capital", as defined for the purposes of the Tax Act (the "**PUC**"), of the relevant shares is reduced on the distribution.

It is noted that the Distribution is being made by the Company as part of a number of intended business changes comprising the Transaction that are contemplated in order to divest the Company of substantially all its assets and the intention of the Company to review other potential transactions and acquisitions as also described under "Transaction" in the Circular. Management believes that the Distribution is effectively being made on the winding-up, discontinuance or reorganization of the Company's business, although no legal opinion or advance tax ruling has been sought or obtained in this regard.

PUC is computed according to the relevant provisions of the Tax Act. The general starting point for computing PUC is the stated capital of the Company's shares for corporate law purposes, which amount is then subject to adjustment according to detailed rules contained in the Tax Act. Management believes that the PUC of the Common Shares will be not less than $5.6 million (or approximately $0.1154 per Common Share) at the commencement of the Distribution. Management has advised that the aggregate fair market value of the Barksdale Shares is expected to exceed the PUC of the Common Shares, each valued on the date the relevant distribution is effected. It is therefore assumed that a dividend will be deemed to arise for purposes of the Tax Act with respect to the Distribution, although no legal opinion or advance tax ruling has been sought or obtained in this regard.

The summary of tax consequences set out below assumes that:

- the Distribution is made on a "winding up, discontinuance or reorganization" of the Company's business; and

- the fair market value of the Barksdale Shares will exceed the PUC of the Common Shares, each valued on the date the relevant distribution is effected.

Therefore, the summary of tax consequences set out below assumes that the Distribution is treated in part as a return of PUC and in part as a deemed dividend under subsection 84(2) of the Tax Act. However, the validity of these assumptions is not free from doubt under the Tax Act or CRA policy, and no legal opinion or advance tax ruling has been sought or obtained in this regard, or with respect to any of the assumptions made in this summary. Generally, the tax results to Holders on a return of PUC are described below under the headings "Resident Holders - The Distribution" and "Non-Resident Holders - The Distribution"; and the tax results to Holders on a deemed dividend are described below under the headings "Resident Holders - Dividends" and "Non-Resident Holders - Dividends".

If the Distribution is not treated in part as a return of PUC under the Tax Act, the tax results to Holders would be materially different, and likely materially adverse, compared to those set out in the summary of tax consequences below. Such potentially different and adverse tax treatment is not further referenced or discussed in this summary, and Holders should consult their own tax advisors in this regard.

Resident Holders

The following is a discussion of the consequences under the Tax Act to Holders who, for the purposes of the Tax Act and at all relevant times, are resident or deemed to be resident in Canada ("**Resident Holders**").

The Distribution

A return of PUC on a distribution of Barksdale Shares will reduce the adjusted cost base of a Resident Holder's Common Shares to the extent that the fair market value, on the date the distribution is effected, of the Barksdale Shares that are distributed to or for the benefit of such Holder on that date is treated as a return of PUC. For this purpose, the CRA is not bound by any determination of fair market value made by the Company. If the amount so required to be deducted from the adjusted cost base of the Common Shares to a particular Resident Holder exceeds the Resident Holder's adjusted cost base of such Common Shares for purposes of the Tax Act, the excess will be deemed to be a capital gain realized by such Resident Holder from a disposition of the Common Shares. Generally, a Resident Holder is required to include in computing income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**"). A Resident Holder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional tax (refundable in certain circumstances) on certain investment income, including taxable capital gains. Capital gains realized by an individual or certain trusts may give rise to a liability for alternative minimum tax.

Barksdale Shares received by a Resident Holder should have a cost to the Resident Holder for tax purposes equal to their fair market value at the time of such receipt. In computing the adjusted cost base of the Barksdale Shares at any time, the averaging rules under the Tax Act will apply.

While the Company has entered into the Share Purchase Agreement evidencing its intent to sell the shares of the Subsidiary to the Purchaser in exchange for the purchase price, including the Payment Shares, all as referenced in more detail under "Transaction" in the Circular, there can be no guarantee that the CRA would accept $8,543,205.00 as the fair market value of Barksdale Shares for any of the purposes referenced above, and such pricing will not be binding on the CRA. Resident Holders should consult their own tax advisors in this regard having regard to all relevant factors including any relevant trading price of Barksdale Shares as of the relevant time or times.

Dividends

A Resident Holder that receives a distribution of Barksdale Shares will be deemed to receive a dividend equal to the amount by which the fair market value, on the date the distribution is effected, of the Barksdale Shares that are distributed to or for the benefit of such Resident Holder on that date exceeds any amount that is treated as a return of PUC.

In the case of a Resident Holder that is an individual (other than certain trusts), dividends received or deemed to be received on the Common Shares or the Barksdale Shares, if any, will be included in computing the Resident Holder's income and will be subject to the normal gross-up and dividend tax credit rules applicable to dividends paid by taxable Canadian corporations under the Tax Act, including the potentially enhanced gross-up and dividend tax credit applicable to any dividend validly designated by the Company or Barksdale as an "eligible dividend" in accordance with the provisions of the Tax Act.

There may be limitations on the ability of the Company or Barksdale to designate dividends as "eligible dividends", and the Company and Barksdale have made no commitments in this regard. A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Common Shares or the Barksdale Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income subject to all restrictions under the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

"Private corporations" (as defined in the Tax Act) and certain other corporations controlled by or for the benefit of an individual (other than a trust) or related group of individuals (other than trusts) generally will be liable to pay a special tax (refundable in certain circumstances) under Part IV of the Tax Act on dividends to the extent such dividends are deductible in computing the corporation's taxable income.

Disposition of Barksdale Shares

On a disposition or deemed disposition of a Barksdale Share, a Resident Holder will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition for the Barksdale Share exceed (or are less than) the aggregate of any reasonable costs of disposition and the adjusted cost base to the Resident Holder of the Barksdale Share immediately before the disposition or deemed disposition.

A Resident Holder of Barksdale Shares who disposes or is deemed to dispose of such Barksdale Shares will generally be required to include in such Resident Holder's income the amount of any taxable capital gain, and may deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized by the Holder in the year of the disposition. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

In the case of a Resident Holder that is a corporation, the amount of any capital loss otherwise determined resulting

from the disposition of a Barksdale Share may be reduced by the amount of dividends previously received or deemed to have been received by it on such Barksdale Share (if any), to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a Barksdale Share is owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Affected Resident Holders should consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay an additional tax (refundable in certain circumstances) on any taxable capital gains.

Capital gains realized by an individual or certain trusts may give rise to a liability for alternative minimum tax.

Non-Resident Holders

The following portion of the summary is relevant to a Holder who, for purposes of the Tax Act and any applicable tax treaty or convention, and at all relevant times, is a non-resident or is deemed to be a non-resident of Canada and does not beneficially own, acquire or hold, and is not deemed to beneficially own, acquire or hold, the Common Shares or the Barksdale Shares in the course of carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed below, may apply to a non-resident that is an insurer which carries on business in Canada and elsewhere. Such non-residents should consult their own tax advisors.

As referenced in the Circular under "Particulars Regarding Declaration of Residency", Barksdale Shares will be sold by the Custodian through the Selling Agent on behalf of certain Non-Residents. This portion of the summary assumes that for all purposes of the Tax Act, the Distribution will be considered as having been made to the Non-Residents, who shall be treated as the owners of the Barksdale Shares held by the Custodian on their behalf, and that the sales of the Barksdale Shares (and related transactions) will effectively be considered as a sale by such Non-Residents, although these assumptions are not free from doubt under the Tax Act or CRA policy, and no legal opinion or advance tax ruling has been sought or obtained in this regard.

<u>The Distribution</u>

A return of PUC on a distribution of Barksdale Shares will reduce the adjusted cost base of a Non-Resident Holder's Common Shares to the extent that the fair market value, on the date the distribution is effected, of the Barksdale Shares that are distributed to or for the benefit of such Non-Resident Holder on that date is treated as a return of PUC. For this purpose, the CRA is not bound by any determination of fair market value or pricing made by or on behalf of the Company. If the amount so required to be deducted from the adjusted cost base of the Common Shares to a particular Non-Resident Holder exceeds the Non-Resident Holder's adjusted cost base of such Common Shares, the excess will be deemed to be a capital gain realized by such Non-Resident Holder from a disposition of the Common Shares. Any capital gain so realized will, in general terms, be subject to considerations similar to those discussed below in respect of the Barksdale Shares under "Disposition of Barksdale Shares" below.

Barksdale Shares distributed in respect of a Non-Resident Holder should have a cost to the Non-Resident Holder for tax purposes equal to their fair market value at the time of such receipt. In computing the adjusted cost base of the Barksdale Shares at any time, the averaging rules under the Tax Act will apply.

While the Company has entered into the Share Purchase Agreement evidencing its intent to sell the shares of the Subsidiary to the Purchaser in exchange for the purchase price, including the Payment Shares, all as referenced in more detail under "Transaction" in this Circular, there can be no guarantee that the CRA would accept $8,543,205.00 as the fair market value of Barksdale Shares for any of the purposes referenced above, and such pricing will not be binding on the CRA. Non-Resident Holders should consult their own tax advisors in this regard having regard to all relevant factors including any relevant trading price of Barksdale Shares as of the relevant time or times.

<u>Dividends</u>

A Non-Resident Holder that receives a distribution of Barksdale Shares will be deemed to receive a dividend equal

to the amount by which the fair market value, on the date the distribution is effected, of the Barksdale Shares that are distributed to or for the benefit of such Non-Resident Holder on that date exceeds any amount that is treated as a return of PUC.

Dividends deemed to be received by a Non-Resident Holder on the Common Shares will be subject to Canadian withholding tax under the Tax Act. The general rate of withholding tax is 25%, although such rate may be reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's country of residence. Under the *Canada-United States Tax Convention* (1980), as amended (the "**U.S. Treaty**"), the rate of withholding tax on dividends paid or credited to a Non-Resident Holder that is a resident of the U.S. for purposes of the U.S. Treaty and entitled to benefits under the U.S. Treaty (a "**U.S. Holder**") is generally limited to 15% of the gross amount of the dividend (or 5% in the case of a U.S. Holder that is a company beneficially owning at least 10% of the voting shares of the Company). Non-Resident Holders should consult their own tax advisors.

Disposition of Barksdale Shares

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Barksdale Share, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Barksdale Share constitutes "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act and the gain is not exempt from tax pursuant to the terms of an applicable income tax treaty or convention.

Provided the Barksdale Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSXV) at the time of their disposition, the Barksdale Shares generally will not constitute "taxable Canadian property" of a Non-Resident Holder at that time, unless, at any time during the 60 month period immediately preceding the disposition, the following two conditions are met concurrently: (a) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest directly or indirectly through one or more partnerships, or the Non-Resident Holder together with all such foregoing persons, owned 25% or more of the issued shares of any class or series of shares of Barksdale; and (b) more than 50% of the fair market value of the Barksdale Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act) or an option, an interest or right in respect of such property, whether or not such property exists. Notwithstanding the foregoing, a Barksdale Share may also be deemed to be taxable Canadian property to a Non-Resident Holder in other circumstances for purposes of the Tax Act.

Generally, a Non-Resident Holder who realizes a capital gain on a disposition of Barksdale Shares that constitute or are deemed to constitute "taxable Canadian property" of the Non-Resident Holder and that is not exempt from tax under an applicable income tax treaty or convention will be subject to the tax treatment in respect of capital gains described above under the heading "Resident Holders - Disposition of Barksdale Shares".

Non-Resident Holders in respect of whom Barksdale Shares may constitute "taxable Canadian property" should consult their own tax advisors with respect to the tax considerations relevant in their particular circumstances and any applicable Canadian tax compliance requirements.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed herein, no informed person, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company's most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

OTHER BUSINESS

While management of the Company is not aware of any business other than that mentioned in the Notice of Meeting

to be brought before the Meeting for action by the shareholders, **it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal that may properly come before the Meeting, or any adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

AUTHORIZATION OF THE BOARD OF DIRECTORS

The contents and the mailing of this Circular have been approved by the board of directors of the Company.

Dated at Vancouver, British Columbia, this 8th day of June, 2021.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *"Matt Sauder"*
Matt Sauder
Chairman of the Board and President

SCHEDULE "A"

DISSENT RIGHTS UNDER THE BCBCA

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on,

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91, or

(iii) without limiting subparagraph (i), in the case of a benefit company, to alter the company's benefit provision;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(1.1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent under section 51.995 (5) in respect of a resolution to alter its notice of articles to include or to delete the benefit statement.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1)A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) or (1.1) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial

owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is

authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE "B"

FORM OF TRANSACTION RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The sale or disposition of all or substantially all of the undertaking (the "**Transaction**") of Regal Resources Inc. (the "**Company**"), being 100% of the issued shares of Regal Resources USA, Inc. (the "**Subsidiary**"), pursuant to the terms and conditions of a share purchase agreement dated May 11, 2021 among the Company, the Subsidiary, and Barksdale Resources Corp. (the "**Share Purchase Agreement**"), be and is hereby authorized and approved.

2. The Share Purchase Agreement, the actions of the directors of the Company in approving the Transaction and the Share Purchase Agreement, and the actions of the directors or officers of the Company in executing and delivering the Share Purchase Agreement and causing the performance by the Company of its obligations thereunder be and are hereby confirmed, ratified, authorized and approved.

3. Any one director or officer of the Company be and is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or cause to be done all such other acts or things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing.

4. Notwithstanding that these resolutions have been passed by the shareholders of the Company, the board of directors of the Company, in its sole discretion and without further notice to or approval of the shareholders of the Company, be and is hereby, authorized and empowered to not proceed with the Transaction or otherwise give effect to this resolution at any time prior to the closing of the Transaction.

SCHEDULE "C"

FORM OF DISTRIBUTION RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Regal Resources Inc. (the "**Company**") is authorized to reduce the stated capital account maintained for the common shares in the capital of the Company by an amount of approximately $5,000,000 (with the directors entitled to fix the exact amount), effective as of the date hereof, for the purpose of distributing such amount to the shareholders of the Common Shares of the Company as a return of capital.

2. The reduction of capital be effected by way of a distribution of common shares in the capital of Barksdale Resources Corp.

3. Any officer or director of the Company is authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents, agreements, instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

4. Notwithstanding that this special resolution has been duly passed by the holders of common shares in the capital of the Company, the Board in its sole and absolute discretion, may defer acting on this special resolution or revoke the special resolution at any time before it is acted upon without further approval, ratification or confirmation by or prior notice to the holders of common shares in the capital of the Company.