



REGAL RESOURCES INC.
RESPONSIBLE EXPLORATION & DEVELOPMENT

IMPORTANT REMINDER TO VOTE. VOTE ONLINE OR BY PHONE TODAY.

June 28, 2021

Dear Fellow Shareholder,

You are being asked to vote on a transaction which will provide a path to liquidity for your shares. At the special meeting of holders ("Shareholders") of common shares ("Common Shares") of Regal Resources Inc. ("Regal" or "Company") 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 Board of Directors Recommends that Shareholders Vote FOR the Transaction Resolution and FOR the Distribution Resolution.

It is anticipated that Shareholders will receive a total of 0.3491 of a Barksdale Share for each Common Share (or 0.2838 upon full exercise of the Debenture Warrants). The Barksdale Shares will be distributed in three approximately equal tranches, with the first tranche being released when the Transaction has closed.

Benefits of the Transaction

- **Significant Premium.** Based on Barksdale's closing share price as of the date hereof and factoring in issuance of the debenture shares, Barksdale's offer represents a premium of approximately 306% 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 an approximate 120% premium to price at which Regal completed its last equity financing on January 13, 2015 at \$0.12 per Common Share
- **Certainty of Value and 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.
- **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.

As described in the Circular, if the Transaction is not approved by the Company’s shareholders following the issuance of the Debenture Units, the Company expects its various creditors, secured and otherwise, to initiate enforcement proceedings in respect of amounts owing. In such event and absent a timely alternative financing arrangement, 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.

Shareholders are encouraged to read the management information circular dated June 8, 2021 ("**Circular**") for more information regarding the Transaction Resolution and the Distribution Resolution. available under the Company’s profile on SEDAR at www.sedar.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.

**Your vote is important no matter how many shares you may own.
Please vote using the enclosed voting form or proxy today.**

Virtual Meeting and Voting Information

Given the coronavirus (COVID-19) pandemic, its public health impact, and the associated current restrictions on and the risk in attending large group gatherings and to mitigate risks to the health and safety of the Company’s stakeholders, the Meeting will be held in a virtual only format. 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 with a Zoom account can then attend the Meeting using the following URL: <https://us02web.zoom.us/j/89877133301>.**

If you have any questions or require more information with regard to voting your shares, please contact our strategic shareholder advisor and proxy solicitation agent:



**Toll free phone: 1-800-530-5189 local (collect outside North America): 416-751-2066 or
Email: info@carsonproxy.com.**