

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or as to the action you should take, you should immediately consult a person authorised under the Financial Services and Markets Act 2000 (as amended) (“FSMA”) who specialises in advising on the acquisition of shares and other securities in the United Kingdom. The whole of the text of this Document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled “Risk Factors” in Part II of this Document before taking any action.**

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this Document, together with the accompanying Form of Proxy, to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

This Document comprises an AIM admission document, which has been drawn up in accordance with the AIM Rules for Companies (“AIM Rules”) and has been prepared in connection with, amongst other matters, the Acquisition, the Placing and the admission of the Enlarged Share Capital to trading on AIM. This Document does not constitute an offer to the public within the meaning of Sections 85 and 102B of FSMA or otherwise. This Document is not an approved prospectus for the purposes of the Prospectus Rules and a copy of it has not been, and will not be, reviewed or approved by the FCA, the UKLA or the London Stock Exchange.

The Directors and the Proposed Directors, whose names appear on page 5 of this Document, and the Company, accept responsibility for the information contained in this Document, including collective and individual responsibility for compliance with the AIM Rules. To the best of the knowledge and belief of the Directors and the Proposed Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information. In connection with this Document, no person is authorised to give any information or make any representation other than as contained in this Document and, if given or made, any such information or representation must not be relied upon as having been authorised.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on AIM on 25 September 2013.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UKLA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. Neither the UKLA nor the London Stock Exchange have examined or approved the contents of this Document. The AIM Rules are less demanding than those of the Official List of the UKLA. It is emphasised that no application has been made, or is being made, for admission of these securities to the Official List of the UKLA or to trading on the London Stock Exchange’s market for listed securities.



## **RED LEOPARD HOLDINGS PLC**

*(Incorporated and registered in England and Wales with Registered No. 05289187)*

### **NOTICE OF GENERAL MEETING**

#### **Approval of Proposed Acquisition of Red Leopard Mining Inc**

#### **Proposed Subdivision**

#### **Authority to Allot the New Ordinary Shares**

**and**

#### **Admission of the Enlarged Share Capital to trading on AIM**



**NORTHLAND**  
CAPITAL PARTNERS LIMITED

### **Nominated Adviser and Broker – Northland Capital Partners Limited**

The New Ordinary Shares will, on issue, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after the issue of the New Ordinary Shares.

Northland Capital Partners Limited (“Northland”) is authorised and regulated in the United Kingdom by the FCA and is acting as Nominated Adviser and Broker to the Company. Northland is acting on behalf of the Company and no one else in connection with Admission and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to customers (as defined by the FCA Rules) of Northland, nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to herein. The responsibilities of Northland as Nominated Adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, any Proposed Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this Document or otherwise. No liability whatsoever is accepted by Northland for the accuracy of any information or opinions contained in this Document or for the omission of any information from this Document, for which the Company and the Directors and Proposed Directors are solely responsible.

This Document does not constitute an offer to sell or subscribe for, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such an offer or solicitation is unlawful and is not for distributing within or into Australia, Canada, Japan, the Republic of Ireland or the United States or to any resident, national or citizen of such countries. The Ordinary Shares have not been, and will not be registered under the applicable securities laws of Australia, Canada, Japan, the Republic of Ireland or the United States. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction.

**A notice convening the general meeting of the Company to be held at the offices of City & Westminster Corporate Finance LLP at 2nd Floor, Stanmore House, 29-30 St James's Street, London SW1A 1HB at 10.00 a.m. on 24 September 2013 is set out at the end of this Document. To be valid, the Form of Proxy accompanying this Document must be completed and returned in accordance with the instructions printed thereon so as to be received by Share Registrars Limited as soon as possible but, in any event, no later than 10.00 a.m. on 20 September 2013. Completion of a Form or Proxy will not preclude a member from attending the meeting and voting in person. Copies of this Document will be available from the Company's registered office free of charge during normal business hours on any weekday (except Saturdays and public holidays) from the date of this Document and shall remain available for a period of one month from Admission and on the Company's website at [www.redleopardholdings.com](http://www.redleopardholdings.com).**

#### **FORWARD-LOOKING STATEMENTS**

This Document includes "forward-looking statements" which includes all statements other than statements of historical facts, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could", or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Group's control that would cause the actual results, performance or achievements of the Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Among the important factors that could cause the Group's actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in Part II of this Document entitled "Risk Factors" and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. Subject to its obligations in law, the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur either partially or at all.

Neither the Company, nor Northland, nor any of their respective associates or directors, proposed directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules), neither the Company nor Northland is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2013
Publication date of this Document	5 September 2013
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 20 September 2013
Date and time of General Meeting	10.00 a.m. on 24 September 2013
Completion of the Subdivision, the Acquisition and the Placing	24 September 2013
Admission of Enlarged Share Capital to trading on AIM	8.00 a.m. on 25 September 2013
CREST accounts to be credited*	25 September 2013
Share certificates despatched by*	2 October 2013

\* in both cases, being the New Ordinary Shares being issued in respect of the Placing, Acquisition and subscribed for following payment of expenses and outstanding fees.

*Each of the times and dates in the above timetable is based on current expectations and is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement on a Regulatory Information Service. All references in this Document to times are to London time unless otherwise stated. All events in the above timetable following the General Meeting are conditional on the approval by the Shareholders of the Resolutions as set out in the notice to the General Meeting at the end of this Document.*

## STATISTICS

Placing Price per Placing Share	0.5p
Number of Existing Ordinary Shares of 1p each in issue prior to Admission	92,487,529
Number of New Ordinary Shares of 0.1p each in issue following the Subdivision and Reclassification, and prior to the Placing	92,487,529
Number of Deferred Shares of 0.1p each in issue following the Subdivision and Reclassification; including the New Deferred Shares and the Existing Deferred Shares	1,275,846,391
Number of Consideration Shares to be issued pursuant to the Acquisition	33,333,333
Number of New Ordinary Shares to be issued pursuant to the Placing	70,000,000
Number of New Ordinary Shares to be subscribed for following payment of expenses and outstanding fees	22,333,200
Number of New Ordinary Shares to be subscribed for following payment of fees in respect of the Placing	6,800,000
Number of New Ordinary Shares in issue following Admission	224,954,062
New Ordinary Shares to be issued pursuant to the Acquisition and the Placing as a percentage of the Enlarged Share Capital	45.94 per cent.
Gross proceeds of the Placing to be received by the Company	£350,000
Market capitalisation of the Company at Admission at the Placing Price	£ 1.13 million
Percentage of New Ordinary Shares not in public hands at Admission	42.74
AIM Ticker	RLH
ISIN	GB00B4JXWP66

## DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	John Joseph May , BA, FCA – <i>Chairman</i> Simon Harvey Michaels, BSc(Hons) ACA – <i>Non Executive Director</i>
<b>Proposed Directors</b>	Stuart James Adam, MA(Hons), CPFA, Chartered MCSI – <i>Executive Director</i> Howard Mattes Crosby – <i>Non Executive Director</i>
<b>Company Secretary</b>	Robert Coe, FCA 233-237 Old Marylebone Road London NW1 5QT
<b>Registered Office</b>	233-237 Old Marylebone Road London NW1 5QT
<b>Telephone</b>	+44 207 766 0076
<b>Administrative Office</b>	Stanmore House 29-30 St James' Street London SW1A 1HB
<b>Nominated Adviser and Broker</b>	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB
<b>English Legal Adviser to the Company</b>	Irwin Mitchell LLP 40 Holborn Viaduct London EC1N 2PZ
<b>US Legal Adviser to the Company</b>	Ramsden & Lyons, LLP 700 Northwest Blvd. P.O. Box 1336
<b>Auditors and Reporting Accountants</b>	Grant Thornton UK LLP 202 Silbury Boulevard Central Milton Keynes MK9 1LW <i>(member of the Institute of Chartered Accountants in England &amp; Wales)</i>
<b>Legal Adviser to the Nominated Adviser and Broker</b>	Marriott Harrison LLP 11 Staple Inn London WC1V 7QH
<b>Competent Person</b>	Minex Exploration 120 E Lake St Sandpoint, ID 83864

<b>Registrar</b>	Share Registrars Limited Suite E, First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
<b>Company Website</b>	<a href="http://www.redleopardholdings.com">www.redleopardholdings.com</a>

## DEFINITIONS

The following definitions apply throughout this Document and in the accompanying Form of Proxy, unless the context requires otherwise:

<b>“Acquisition”</b>	the proposed acquisition by the Company of RLM pursuant to the terms of the Acquisition Agreement;
<b>“Acquisition Agreement”</b>	the conditional agreement dated 30 August 2013 between the Company (1), Quest (2), John Ryan (3) and Howard Crosby (4) relating to the acquisition of the entire issued share capital of RLM, details of which are set out in paragraph 9 of Part V of this Document;
<b>“Act”</b>	the Companies Act 2006, as amended;
<b>“Admission”</b>	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules;
<b>“AIM”</b>	the market known as AIM operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the rules applicable to companies whose securities are traded on AIM, as published by the London Stock Exchange from time to time (including the AIM Note for Mining, Oil & Gas Companies);
<b>“Articles”</b>	the articles of association of the Company from time to time;
<b>“BLM”</b>	Bureau of Land Management;
<b>“Claims”</b>	the 205 unencumbered claims owned by RLM more particularly described in Part I of this Document and listed in Part III;
<b>“Company” or “RLH”</b>	Red Leopard Holdings plc, a company registered in England and Wales with company number 05289187;
<b>“Competent Persons Report”</b>	the independent report produced by Minex Exploration which appears in Part III of this Document;
<b>“Completion”</b>	completion of the Acquisition, the passing of the Resolutions and Admission;
<b>“Consideration Shares”</b>	the 33,333,333 New Ordinary Shares to be issued pursuant to the Acquisition Agreement;
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001, including: (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;

<b>“Directors” or “Board”</b>	the board of directors of the Company whose names are set out on page 5 of this Document, or any duly authorised committee thereof;
<b>“Document”</b>	this admission document;
<b>“DP Claims”</b>	those Claims located in the Dobson Pass region;
<b>“Enlarged Board”</b>	the Directors and the Proposed Directors;
<b>“Enlarged Share Capital”</b>	the issued New Ordinary Shares of 0.1p each at Admission, following the Subdivision and as enlarged by the issue of the Consideration Shares, the Placing Shares and the New Ordinary Shares subscribed for following payment of expenses;
<b>“Existing Deferred Shares”</b>	the 443,458,630 deferred shares of 0.1 pence each in the capital of the Company in issue as at the date of this Document;
<b>“Existing Ordinary Shares” or “Existing Share Capital”</b>	the 92,487,529 Ordinary Shares in issue as at the date of this Document;
<b>“Form of Proxy”</b>	the form of proxy for use by Shareholders at the General Meeting which accompanies this Document;
<b>“General Meeting” or “GM”</b>	the general meeting of the Company convened to be held at the offices of City & Westminster Corporate Finance LLP, 2nd Floor, Stanmore House, 29-30 St James’s Street, London SW1A 1HB at 10.00 a.m. on 24 September 2013 and any adjournment thereof, to consider and, if thought fit, pass the Resolutions, notice of which is set out at the end of this Document;
<b>“GOS Claims”</b>	those Claims located in the Gossan region;
<b>“Group”</b>	the Company and its subsidiaries from time to time;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Ordinary Shares”</b>	ordinary shares of 1 pence each in the capital of the Company;
<b>“New Deferred Shares”</b>	the new deferred shares of 0.1 pence each in the capital of the Company created pursuant to the Subdivision and Reclassification;
<b>“New Ordinary Shares”</b>	the Ordinary Shares of 0.1 pence each in the capital of the Company created pursuant to the Subdivision;
<b>“Polaris”</b>	Polaris Resources Inc, a company incorporated in the State of Idaho which is a wholly owned subsidiary of Quest;
<b>“Placing”</b>	the conditional placing and subscription of the Placing Shares at the Placing Price;



<b>“Placing Agreement”</b>	the conditional placing agreement dated 5 September 2013 between the Company, the Directors and Northland in relation to the placing arrangements, details of which are set out in paragraph 9 of Part V of this Document;
<b>“Placing Price”</b>	0.5 pence;
<b>“Placing Shares”</b>	70,000,000 New Ordinary Shares which are the subject of the Placing;
<b>“Proposals”</b>	together the Acquisition, the Subdivision and Reclassification, the Placing, the passing of the Resolutions and Admission;
<b>“Proposed Directors”</b>	the proposed directors of the Company whose names are set out on page 5 of this Document;
<b>“Quest”</b>	Quest Minerals Corporation, a company incorporated in the State of Idaho;
<b>“Reclassification”</b>	the reclassification of 832,387,761 New Ordinary Shares created as a result of the Subdivision into New Deferred Shares described in paragraph 6 of Part I of this Document;
<b>“Record Date”</b>	24 September 2013;
<b>“Related Party Transactions”</b>	the 9,166,600 New Ordinary Shares subscribed for by each John May and Simon Michaels, the 4,000,000 New Ordinary Shares subscribed for by Stuart Adam following payment of outstanding fees as described in paragraph 12 of Part I of this Document and the shares to be allotted to City & Westminster Corporate Finance LLP pursuant to the convertible loan note detailed in paragraph 9 of Part V of this Document;
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting as set out at the end of this Document and reference to a “Resolution” is to the relevant resolution set out in the notice of General Meeting;
<b>“RLM”</b>	Red Leopard Mining Inc, a company incorporated in the State of Idaho which is a wholly owned subsidiary of Quest;
<b>“Services Agreement”</b>	the agreement entered into between RLM and American Mining and Tunnelling as described in paragraph 9 of part V of this Document;
<b>“Shareholders”</b>	holders of Existing Ordinary Shares;
<b>“SP Claims”</b>	those Claims located in the Sunset Peak region;
<b>“Subdivision”</b>	the proposed subdivision of each Existing Ordinary Share into 10 New Ordinary Shares of 0.1p each contemplated by Resolution 1 at the GM and more particularly described in this Document;
<b>“subsidiary” or “subsidiary undertaking”</b>	have the meanings given to them by the Act;

<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland; and
<b>“uncertificated” or “uncertificated form”</b>	recorded on the relevant register of the share or security “in concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST;
<b>“£” and “pence”</b>	pounds and pence sterling, the lawful currency of the United Kingdom; and
<b>“\$” or “USD” or “US\$”</b>	US dollars, the lawful currency of the United States.

For the purposes of this Document, the following exchange rates have been used: £1 : US\$1.51

## PART I

### LETTER FROM THE CHAIRMAN

# RED LEOPARD HOLDINGS PLC

(incorporated in England and Wales with registered number 05289187)

#### **Directors**

John May, BA, FCA – *Chairman*

Simon Michaels, BSc(Hons) ACA – *Non-Executive Director*

#### **Proposed Directors**

Stuart Adam, MA(Hons), CPFA, Chartered MCSI – *Proposed Executive Finance Director*

Howard Crosby – *Proposed Non-Executive Director*

233-237 Old Marylebone Road  
London  
NW1 5QT

5 September 2013

*To Shareholders and, for information purposes only, to Option Holders*

Dear Shareholder

**Proposed Acquisition of Red Leopard Mining Inc**  
**Proposed Subdivision**  
**Authority to Allot New Ordinary Shares**  
**and**  
**Admission of the Enlarged Share Capital to trading on AIM**

#### **1. Introduction**

I am pleased to be writing to you with details of a general meeting of the Company which is being called to, *inter alia*, approve the Proposals.

The Group announced earlier today that it had conditionally agreed to acquire the entire issued share capital of RLM for the sum of £600,000. The consideration is to be satisfied, subject to approval at the General Meeting, by the issue of the Consideration Shares at a price of 1.8p per share. Upon Admission, the Consideration Shares will represent 14.82 per cent. of the Enlarged Share Capital (on an undiluted basis prior to the exercise of any options detailed herein). Further details of the Acquisition are detailed below.

The Directors have also conditionally raised £350,000 by means of the Placing. This will allow the Company to fund the proposed work programme to further the Claims. Further details of the Placing and use of proceeds are set out in this Part I. As shares cannot be issued under the Act for less than their nominal value, in order for the Placing to proceed at the Placing Price, the Ordinary Shares will, subject to Shareholder approval, be subdivided as explained at paragraph 6 of this Part I.

The Acquisition constitutes a reverse takeover of the Company for the purposes of the AIM Rules and is therefore conditional on the prior approval of Shareholders at the General Meeting. On Admission, the Existing Share Capital will represent approximately 41.11 per cent. of the Enlarged Share Capital.

The purpose of this Document, which comprises an admission document prepared in accordance with the AIM Rules, is to set out details of the Resolutions which are to be put to Shareholders at the General Meeting, to explain the reasons for the proposed Acquisition and why the Directors and Proposed

Directors consider these to be in the best interests of the Company and Shareholders, and to provide you with details of the GM.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM, subject to the Resolutions being passed by Shareholders at the General Meeting and to Completion. The Directors and the Proposed Directors expect that Completion will take place and that Admission will become effective, and trading in the Enlarged Share Capital on AIM will commence, on 25 September 2013.

The GM is to be held at the offices of City & Westminster Corporate Finance LLP, 2nd Floor, Stanmore House, 29-30 St James's Street, London SW1A 1HB at 10.00 a.m. on 24 September 2013, at which your approval of the Resolutions will be sought.

## **2. Background on the Company**

The Company was formed as an investment company in November 2004 and listed on AIM in March 2005. The Company's intention upon listing was to identify and enter into suitable acquisition opportunities in the property, leisure and hospitality sectors, which met its then investment criteria. Harrell Hotels (Europe) Limited was identified at the time as a suitable target. Following listing, the Company endeavoured to locate and pursue appropriate hotel projects. The Company found however, that the general the costs of acquisitions in the UK hotel market proved too high for the Company to proceed with any propositions which it had reviewed. The board of the Company sought to de-risk its operations by focussing on property development joint ventures to develop residential units. The first part of this plan was undertaken with the Company forming a joint venture development agreement with First Broughton Group which was charged with identifying, negotiating and developing appropriate sites. Discussions continued with other property development groups with the aim of expanding the Company's interest in this area.

The Company then broadened its scope further by seeking commercial and mixed use property developments mainly in the South West of England. However the Board found itself again to be restricted by market conditions. Accordingly, the Company focused its efforts on undertaking fee, commission and profit-share based consultancy work and generating value added services through land assembly, optimisation of planning and identification and facilitation of an end-user or purchaser. The Company commenced the implementation of this strategy by the opening of an office in the South West of England to exploit the opportunities in the region whilst benefiting from the lower office and employment costs. The team put in place brought together a number of skill sets including planning specialists, a quantity surveyor and a broad property contact base in both the public and private sector.

Through the new satellite office, the Company engaged in a range of projects, principally commercial or mixed-use, with immediate identification of purchasers for any residential element. The portfolio included a balance between short and long-term projects.

On 14 June 2012, the Company announced that due to the then current economic climate and its effect on the property, leisure and hospitality sectors, the Board was undertaking a broader strategic review of the options available for the Group's future development.

Whilst the Company anticipates refocusing its principal efforts into the natural resources sector, it is the current intention of the Board that the Company will retain ownership of its wholly owned subsidiaries, Red Leopard Management Limited and Harrell Hotels (Europe) Limited.

Red Leopard Management Limited has been tasked with completing current ongoing projects in the real estate sector whilst pursuing new opportunities so as to maximise profits. Harrell Hotels (Europe) Limited continues to look for opportunities in the hospitality sector. However it is not currently expected that these businesses will have any significant impact on the Group's results going forward.

The Enlarged Board will continue to monitor this situation and will if appropriate consider a sale of the subsidiaries if the Enlarged Board believes it to be in the best interests of Shareholders. The Enlarged Board will keep Shareholders duly updated through market announcements.

As a result of the strategic review mentioned above, the Board decided that the Company should focus on the natural resources sector (both exploration and production), with a particular emphasis on precious mining assets and interests. In this regard the Directors believe the acquisition of the Claims, referred to below, represents a sound commercial opportunity for the Company. However, the Acquisition can only proceed if the Proposals are approved by Shareholders by the passing of the Resolutions. Further details of the proposed Acquisition and the Claims are set out below.

On 23 July 2013 at the Company's Annual General Meeting, shareholders resolved to adopt such revised investment strategy.

### **3. The Proposed Acquisition**

Subject to the Shareholders' approval of the Proposals, the Company has conditionally agreed to acquire the entire issued share capital of RLM from its parent company, Quest, in consideration for the issue to Quest of the Consideration Shares. The Acquisition constitutes a reverse takeover under the AIM Rules and so is subject to shareholder approval.

#### *3.1 Background*

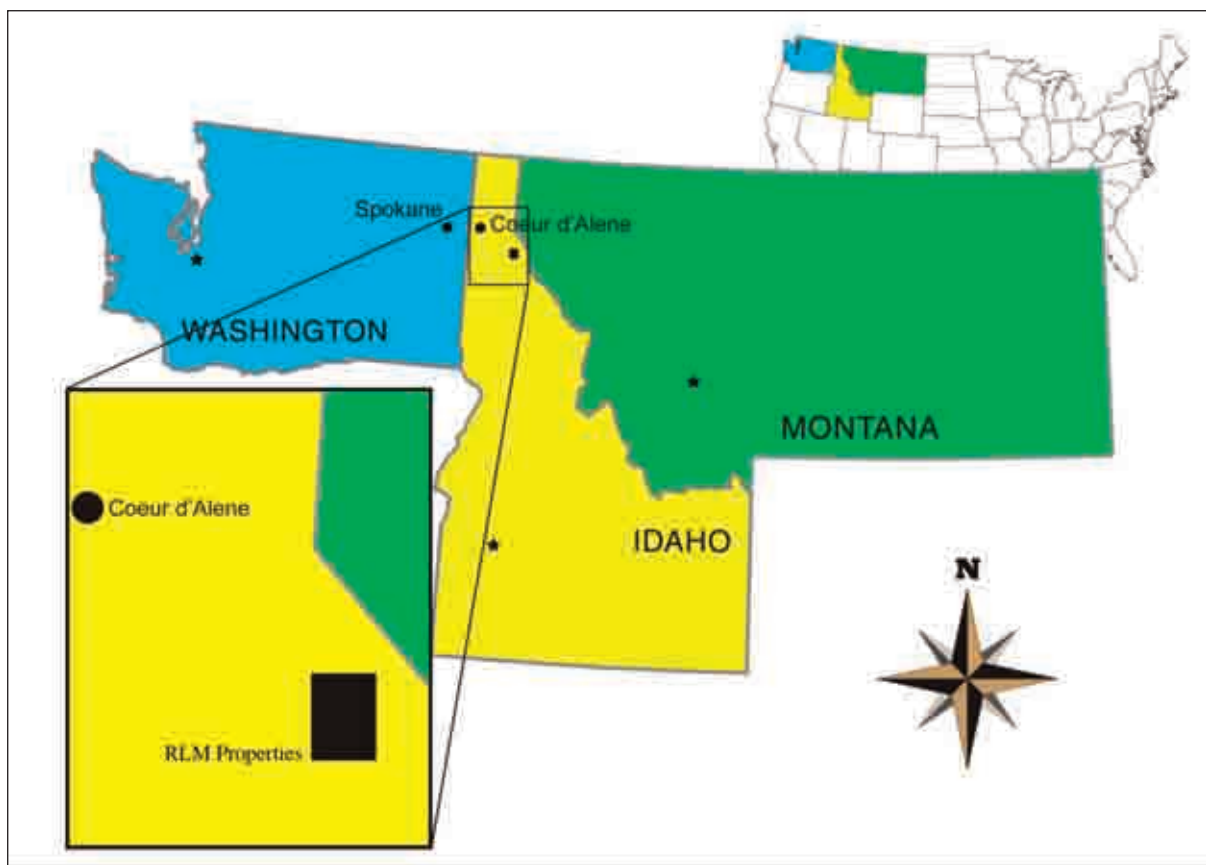
RLM is the registered owner of the Claims which were transferred to it by Polaris on 25 March 2013. The Claims are located in the vicinity of Shoshone County, Idaho, USA, commonly referred to as "Silver Valley". This area is well known as the premier silver district in North America, with total production to date of around 1.2 billion ounces. Most of the Claims lie within the Panhandle National Forest and upon Bureau of Land Management land.

Your attention is drawn to the Competent Persons' Report at Part III of this Document. The report concludes (on page 52 of this Document) that "*.....there is good potential for the delineation of resources using systematic exploration....*". Moreover, "*....Existing mine and related infrastructure supports the development of initial near term small scale mining operations for relatively low capital expenditure.....*".

The Claims cover a total land area of approximately 1,435 hectares the equivalent to 3,546 acres. The Coeur d'Alene mining district is approximately 77,700 hectares or 192,000 acres and has produced approximately 38 billion grams of silver and substantial lead, zinc, copper and gold. A full list of the Claims can be found in the CPR.

The Claims are situated adjacent to two former major producing mines, the Hercules and the Interstate Mines, each now owned by Hecla Mining Company Inc. ("Hecla"), one of the largest silver producers in the US. The Hercules mine discovered in the early 1900's became a primary mine for Day Mines Inc. ("Day Mines"). Day Mines was merged into Hecla Mining Company in 1981. The Interstate Mine was the initial primary mine for Callahan Mining Corporation. Callahan Mining was acquired by Coeur d'Alene Mines in 1991.

For the purposes of the CPR, the Claims have been separated into three groups – the SP Claims (in relation to 126 mining claims and an area of approximately 892 hectares), DP Claims (in relation to 56 mining claims and an area of approximately 408 hectares) and GOS Claims (in relation to 23 mining claims and an area of approximately 331 hectares). RLM owns 100 per cent. of these groups.



Map taken from the CPR (please see page 38 of this Document)

### 3.2 Government Payments due on the Claims

The Claims when located (effectively staked), allow a leasee (in this case RLM) to receive, on an exclusive basis, the right of possession and enjoyment of the mineral located on the underlying land. The leases are for an indefinite period from the US government agency, the Department of the Interior, Bureau of Land Management. Polaris and RLM have both confirmed to the Company that all payments due to the US government in respect of each of the Claims have been met and that there are no outstanding amounts in relation thereto. Annual payments of \$140 per Claim are required each year to maintain the rights. These payments are due prior to 31 August each year, with the next payment falling due on 31 August 2014.

### 3.3 History, Geography & Neighbouring Mines

By the late 1800's silver, lead and zinc deposits were uncovered in the Coeur d'Alene area of Shoshone County. Historically, almost 45 per cent of all silver mined in the United States comes from Idaho, with silver and phosphate being the two major minerals produced in the state.

Several of the largest silver mines in the United States are in Shoshone County. The Sunshine mine is the most productive silver mine in U.S. history having produced in excess of 350 million ounces historically. In April 2010, it was purchased by a private investment group. The Coeur and Galena Mines have produced in excess of 220 million ounces historically and are owned by U.S. Silver and Gold, Inc. The Galena mine is currently in production. The Lucky Friday/Gold Hunter Mine, owned by Hecla, has over 54 million ounces of provable and probable reserves and is in production.

Most silver production in the United States occurs as a by-product from gold, copper, zinc or lead production. The Coeur d'Alene district mines are primary silver producing mines.

Attention is drawn to details of neighbouring mines in Section 5 (page 45 of this Document onwards) of the CPR.

One of the most prominent of these is the Hercules mine. The total production for the mine was nearly 3.18 million metric tonnes averaging 280.15 grams of silver per metric tonne, 11 per cent. lead and 1.3 per cent. zinc (further information is contained within the CPR from page 46 of this Document).

### 3.4 Silver

Silver is one of the chemical elements and its chemical symbol is Ag. It is relatively inert and malleable. Silver is both an industrial metal and a precious metal, and has the highest electrical and thermal conductivity of any element.

Silver prices are quoted in Troy Ounces. Silver futures contracts are traded on the COMEX in New York and on the London Metal Exchange. The spot price is published by the exchanges and is derived from the futures prices.

### 3.5 Infrastructure and Workforce

The region is supported by infrastructure, including road and rail links and an international airport approximately 53 kilometers to the west in Spokane, Washington (the largest commercial centre in the region).

It is the intention of the Enlarged Board to employ a workforce that is local or regional.

### 3.6 The Site

The Competent Person has confirmed in the CPR (on page 34 of this Document) that the Claims have sufficient surface rights for future exploration or mining operations including potential tailings storage areas, waste disposal area and processing plant sites.

### 3.7 Environmental Matters & Permits

There are no known existing environmental liabilities associated with the underlying land in respect of the Claims. See page 43 of this Document.

The Board believes that the Group holds all of the necessary permits and authorisations to conduct its intended activities following Admission. In order for the Group to undertake future mining activities, there are various permits and authorisations that are required, and the Board has no reason to believe that the Group will not be able to secure the required permits and authorisations.

### 3.8 Proposed Work Program and Use of Proceeds

The intention is to use approximately \$150,000 of the net proceeds of the Placing to carry out the first stages of a proposed work program. In essence, over approximately the next two years, the program will consist of near term exploration with the intention that this would lead to the establishment of a small scale mining operation to provide cash flow and valuable grade and metallurgical information, together with a systematic exploration program. The directors of RLM intend to commission local contractors to carry out the necessary work program.

The funds will be used as follows:

	<i>US Dollars</i>
Geophysics:	\$50,000
Surface & Underground Geology:	\$50,000
Sampling & Assaying	\$20,000
Geographic information system (“GIS”):	\$5,000
Administration/office:	\$25,000
	<u>\$150,000</u>

In addition, the Enlarged Board also intends to reopen and repair the Idora Tunnel. In this regard, the Company and RLM have entered into an agreement with American Mining and Tunnelling LLC, the terms of which are described in paragraph 9 of Part V of this Document. Under the terms of the agreement, pursuant to which AMT will provide certain mining services to RLM in consideration for the payment to it by RLM of \$150,000, the Company has agreed (subject to Admission taking place) to guarantee the payment obligations of RLM. The agreement provides that such guarantee (if called upon) may be satisfied by cash payment or, at the Company's sole option and at its discretion, by the allotment of New Ordinary Shares at a rate of one New Ordinary Share for each £0.005 owed to AMT. Further details are set out below.

#### *Proposed Timetable*

Assuming the Proposals are completed as set out in this Document, the Enlarged Board anticipates that the proposed timetable for the initial work program will be as follows (\*):

- Geophysics and initial program evaluation – September 2013;
- File preliminary plan of operations for tunnel rehabilitation with BLM – September 2013;
- Refine and amend plan of operations with BLM – early October 2013;
- Approved plan of operations – end of October 2013; and
- Tunnel rehabilitation – November 2013.

(\*) Any drill programme will be subject to further funding.

All of the proposed work programmes are permitted under the terms of the Claims.

The Company has raised £350,000 under the terms of the Placing. This will allow the Company to implement the first stages of the work programme described in the CPR, which will include systematic exploration to evaluate the RLM mineral properties, including a review of existing historic data and available data of nearby mines and prospects, geochemical sampling of known areas and an expanded sampling programme over the whole property, the production of a geologic map representing the structural and lithologic complexities of the property, further drill target delineation and drilling and general prospecting and sampling and assaying of the veins encountered.

The remainder of net proceeds will be used as working capital.

#### *3.9 Competition*

The Directors believe that many of the Enlarged Group's competitors will be large, well-established companies that have been engaged in the mining business much longer than the Company and possess substantially larger operating staffs and greater capital resources than the Enlarged Group. Nevertheless, the Directors believe that the market for the Company's possible future production of minerals tends to be commodity oriented, rather than company oriented. Accordingly, we expect to compete by taking advantage of the market for all minerals subject to the Claims and to offset the primarily fixed costs of activities of any of the jointly-occurring minerals.

#### *3.10. Polaris and RLM*

Polaris and RLM are each State of Idaho corporations focused on the exploration of silver, lead, zinc and other mineral resources in the North East region of the Coeur d'Alene mining district. Polaris recently transferred all its interest and rights to the Claims to RLM. RLM owns no assets other than the Claims.

The current directors of RLM are John Ryan and Howard Crosby, who will procure that upon Completion, John May and Stuart Adam are also appointed as directors.



Quest Minerals Corporation (also a State of Idaho corporation) owns 100 per cent. of Polaris. In turn, Quest is owned equally by Howard Crosby (a Proposed Director) and John Ryan.

Accordingly, upon Admission, Howard Crosby will have an indirect interest in the Ordinary Shares.

#### 4. Terms of the Proposed Acquisition

On 30 August 2013, the Company entered into the Acquisition Agreement, pursuant to which it conditionally agreed to purchase the entire issued share capital of RLM from Quest, RLM's parent company.

The consideration to be paid by the Company pursuant to the Acquisition Agreement to Quest is £600,000, to be satisfied by the issue of 33,333,333 New Ordinary Shares.

Quest has agreed under the terms of a lock in agreement not to dispose of the Consideration Shares for a period of 12 months following Admission and for a further period of 12 months only to dispose of such shares in an orderly manner. The Consideration Shares represent Quest's only interest in the Company and thus its interests in the Enlarged Share Capital as at Admission will be as follows:

	<i>Number of Consideration Shares</i>	<i>% of Enlarged Share Capital at Admission (undiluted)</i>	<i>% of Enlarged Share Capital at Admission (fully diluted)</i>
Quest	33,333,333	14.82	14.43

Further details of the Acquisition Agreement are set out in paragraph 9 of Part V of this Document.

#### 5. Proposed Subdivision and Reclassification

Under the Act, it is not permissible for the Company to issue shares at a price which represents a discount to the nominal value of the shares, which in respect of the Existing Ordinary Shares is currently £0.01 (1 pence) per share.

It is proposed that the Company performs the Subdivision in order to reduce the nominal value of the Existing Ordinary Shares to £0.001 (0.1 pence) per share and thus allow the Placing to proceed at the Placing Price. The Directors believe that it is in Shareholders' best interests to proceed with the Placing and therefore approve the Subdivision. In the current economic climate, it has proved difficult for small companies to secure additional financing. Having reviewed the sources of funds available, the Board believes that the Placing is the best route for securing additional working capital and funding the ongoing development of the Company, thus recommend that Shareholders vote in favour of the Resolutions at the GM.

**It is proposed that each Ordinary Share in issue at the Record Date will be subdivided into ten New Ordinary Share of £0.001 (0.1 pence) in the capital of the Company. Following and subject to approval of this Subdivision, 9 of the resultant New Ordinary Shares from each Ordinary Share will be reclassified as Deferred Shares, ranking pari passu with the Existing Deferred Shares.**

Each Shareholder's proportionate interest in the Company's issued ordinary share capital will remain unchanged as a result of the Subdivision and Reclassification. Aside from the change in nominal value, the New Ordinary Shares (including the voting and dividend rights and rights on a return of capital attaching to them) will be identical in all respects to the Ordinary Shares.

No share certificates will be issued in respect of the Deferred Shares created as a result of the Subdivision and Reclassification, nor will CREST accounts of Shareholders be credited in respect of any entitlement to such Deferred Shares, nor will they be admitted to trading on AIM or any other

investment exchange. The Deferred Shares shall not be transferable at any time, other than with the prior written consent of the Directors. The rights attaching to, and restrictions upon, the Deferred Shares are set out in the Articles which are available on the Company’s website.

Following and subject to the approval by Shareholders of *inter alia*, the Subdivision and Resolution 6 (being the required dis-application of pre-emption rights), the Placing Shares will be issued to the Placees.

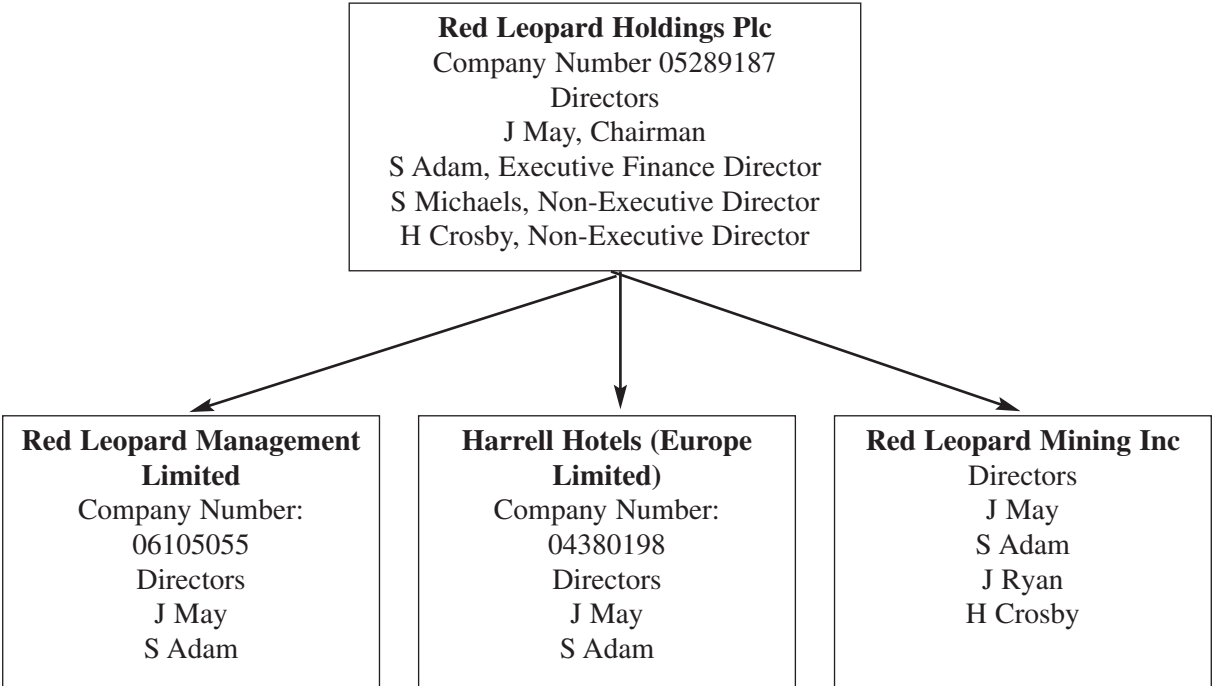
*Effect of the Subdivision and Reclassification*

If, at the date of this document, you hold 10,000 Existing Ordinary Shares and 100,000 Existing Deferred Shares, following and subject to the Subdivision and Reclassification, you will hold 10,000 New Ordinary Shares and 190,000 Deferred Shares in total.

New share certificates will not be issued to Shareholders as a result of the above changes and existing certificates will remain valid.

**6. Enlarged Group Structure**

Following Completion, the Enlarged Group corporate structure will be as set out below:



**7. Financial Information**

The financial information is included by way of reference. For further details please see Part IV. Please see the Pro Forma Net Asset Statement at Part IV of this Document.

**8. The Placing**

The Company has conditionally placed 70,000,000 New Ordinary Shares at the Placing Price to raise £350,000 by means of the Placing. The proceeds will be used to commence the exploration of the Claims and to provide working capital to the Group (see above).

Pursuant to the terms of the Placing Agreement, further details of which are set out in paragraph 9 of Part V of this Document, Northland has agreed to use its reasonable endeavours to place the Placing Shares with institutional and other investors. The Placing is not being underwritten. The Placing is

conditional on, amongst other matters, the Resolutions being passed and Admission occurring by 31 October 2013.

The Placing Shares will represent approximately 31.12 per cent. of the Enlarged Share Capital immediately following Admission. The Placing Shares will, upon issue, rank *pari passu* in all respects with the New Ordinary Shares, including the right to receive any dividends and other distributions declared, made or paid following Admission and will be issued credited as fully paid.

## **9. Strategy following Admission**

The Company intends to follow the work program outlined above in paragraph 3.8 with a view to defining the mining reserves within the Claims.

In addition, the Enlarged Board will continue to investigate other, complementary, opportunities in the natural resources sector.

## **10. Directors, Proposed Directors and Senior Management**

It is proposed, subject to Admission, that the Board will be increased from the current two directors to four directors, with Stuart Adam and Howard Crosby being appointed as Executive Finance Director and a Non-Executive Director respectively:

### **John May (aged 65), Chairman**

Mr John May is a Fellow of the Institute of Chartered Accountants in England and Wales. He is the Managing Partner of City & Westminster Corporate Finance LLP, an FCA registered partnership. He is chairman of the Small Business Bureau Limited and The Genesis Initiative Limited, lobbying groups for small business to the UK Parliament. Mr May has been the principal of his own chartered accountancy practice since 1994. From 1977 to 1994, Mr May was a senior partner with what is now Crowe Clark Whitehill, where he served for eight years on the managing board and for nine years as chairman of its Thames Valley offices. In his capacity as UK national marketing partner and head of its property consultancy division, he was a director of its UK and international associations. Mr May was finance director of AIM listed PSG Solutions PLC, until December 2005 and Tomco Energy Plc until July 2011 and a non-executive director of AIM listed Petrolatina Energy Plc until March 2012. He is the non-executive chairman of Hayward Tyler Group Plc which is listed on AIM, a non-executive director of London Pacific Partners Inc, and White Mountain Titanium Corp, both reporting Pink Sheets companies, and a non-executive director of Independence Resources Plc which is traded in the USA as ADR's.

### **Simon Michaels (aged 45), Non-Executive Director**

Simon is a qualified Chartered Accountant, who is currently providing business and financial consultancy to a range of recruitment businesses. He specialises in working capital management and financial planning, streamlining of internal controls, management information and business restructuring.

He has held senior financial positions in both private and public companies including Harvey Nash Group plc, the specialist recruitment services provider. From 2002, he was Finance Director of the group's UK & US Operations and prior to that, Finance Director of UK Operations, having joined the business in 2000. Simon was also involved in the restructuring of Harvey Nash and the acquisition and integration of new businesses. Previously, Simon worked for RP Corporate Strategy, the privately owned Strategy Consultancy. At RP Corporate Strategy, Simon provided business strategy advice on property-related ventures. Between 1990 and 1998, he held financial positions with Coopers & Lybrand, London and Gibson Appleby Chartered Accountants, Brighton.

**Stuart Adam MA(Hons), CPFA, Chartered MCSI (aged 49), Proposed Executive Finance Director**

Stuart has 25 years of experience as a professionally qualified accountant across a wide range of financial accounting, reporting, control and management functions in both public and private sectors, including several AIM listed companies. He has provided financial consultancy services to the Company for the last two years. He is currently a partner in City & Westminster Finance LLP which is authorised and regulated by the Financial Conduct Authority, an independent corporate finance and business advisory firm and corporate adviser on ICAP Securities & Derivatives Exchange Limited.

He is also a Chartered Member of the Chartered Institute for Securities & Investment.

**Howard Crosby (aged 60), Proposed Non-Executive Director**

Howard Crosby graduated from the University of Idaho in 1975. He has a vast amount of experience in the natural resources sector. Since 1989, he has been President and Chairman of Crosby Enterprises, Inc, a consulting firm specialising in the mining industry. He is currently Senior Vice President and Director of White Mountain Titanium Corporation, President and Director of Shoshone Silver/Gold Mines, and an officer and director of Independence Resources Plc. He was a founder and director of US Silver & Gold Inc, High Plains Uranium Inc., Western Goldfields Group Limited, Tomco Energy Plc (AIM listed) and Cadence Resources Corporation, among others.

**John Ryan (aged 51), Director of RLM**

John Ryan has considerable international mining experience. He grew up in Wallace, Idaho in the Coeur d'Alene Mining District. Mr. Ryan completed a Bachelor degree in Mining Engineering at the University of Idaho. During this time, he worked at the various deep mines of the district including the Consolidated Silver Mine operated by Hecla Mining, and the Galena Mine, then operated by ASARCO, Inc. Upon completion of his engineering studies, Mr. Ryan served four years as a U.S. Naval Officer and then completed a Juris Doctor degree at Boston College Law School.

Mr. Ryan returned to North Idaho in the early 1990's and founded Royal Silver Mines, Inc. which explored and developed a number of silver and copper mining properties in North Idaho, Mexico and Chile. Mr. Ryan also co-founded Metalline Mining in 1996 which owns the Sierra Mojada land package in Mexico. This company is now known as Silver Bull Resources. In 2002, Mr. Ryan co-founded Western Goldfields, Inc. which successfully purchased the Mesquite Mine in Southern California from Newmont Mining. Western Goldfields is now a part of NewGold with one of the prime operating assets being the Mesquite Mine.

In 2004, John co-founded High Plains Uranium which was merged into Energy Metals and ultimately into Uranium One. In 2006, Mr Ryan co-founded U.S. Silver Corporation which successfully negotiated the acquisition of all of the North Idaho assets of Coeur d'Alene Mines Corporation. These assets included the operating Galena Mine, the Coeur Mine on care and maintenance, more than 8,000 acres of prime silver mining claims, 2 operating mills and 4 major vertical shafts, three of which are in excess of one mile of depth. In 2010, Mr. Ryan co-founded Southern Legacy Minerals with assets in Chile and Peru and assisted with that company's recent listing on the TSX.

**11. Directors' and Proposed Directors' Accrued Fees**

The existing Directors have accrued aggregate gross directors' salaries and fees to 31 August 2013 of £91,666 which they will use to subscribe for shares, with the payment of subscription monies satisfied following payment of such accrued fees. These shares will be issued on the basis of 1 New Ordinary Share for each 0.5 pence of fees owed. Accordingly, upon Admission, John May and Simon Michaels will each subscribe for and be issued 9,166,600 New Ordinary Shares.

Stuart Adam will, on the same basis, subscribe for 4,000,000 New Ordinary Shares using the proceeds of the £20,000 owed to him by the Company for professional advice.

## **12. Related Party Transaction**

Under the AIM Rules the issue of shares to the Directors and Stuart Adam, a Proposed Director, as detailed above, are each deemed to be a related party transaction, respectively, for the purposes of AIM Rule 13. The issuance of the convertible loan note to CWCF (as detailed in this paragraph) is also deemed a related party transaction under the AIM Rules.

Both John May and Simon Michaels, by virtue of the issuance of such shares subscribed for, are deemed to be conflicted for the purposes of these Related Party Transactions and thus there are no independent directors available to provide the necessary fair and reasonable statements required for the purposes of AIM Rule 13. Northland, in its capacity as the Company's nominated adviser, considers that the terms of the Related Party Transactions to be fair and reasonable insofar as the Shareholders are concerned and accordingly, the Board recommends that the independent shareholders (being the Shareholders with the exception of John May, Simon Michaels and Stuart Adam) vote in favour of Resolution 4 being proposed at the GM.

In addition the Company has entered into an agreement with City & Westminster Corporate Finance LLP ("CWCF") whereby the Company agrees to pay CWCF a commission of 6 per cent. for any subscribers it procures in respect of the Placing. As detailed in paragraph 9 of Part V of this Document, CWCF has subscribed for £20,000 of interest free convertible loan notes in lieu of fees due from the Company in respect of such corporate advisory services. John May is Managing Partner of CWCF and, as such, the arrangements with CWCF are deemed a related party for the purposes of the AIM Rules. Simon Michaels, being an independent director in respect of the transaction, having consulted with Northland, in its capacity as nominated adviser, considers that the terms of the transaction are fair and reasonable in so far as the shareholders are concerned.

## **13. Corporate Governance**

The Enlarged Board recognises the importance of high standards of corporate governance commensurate with the size and nature of the Enlarged Group and the interests of Shareholders. Although, as an AIM company, compliance with the Corporate Governance Code is not required the Enlarged Group seeks to apply the Corporate Governance Code when practicable and appropriate for a Group of its size.

The following statement describes how the Enlarged Group will address the principles underlying the Corporate Governance Code.

### ***Enlarged Board composition and responsibility***

Upon Admission, the Enlarged Board will consist of two executive directors and two non-executive directors. Each member of the Enlarged Board is equally accountable for the proper stewardship of the Enlarged Group's affairs.

In broad terms, the on-going remit of the Enlarged Board is as follows:-

- Approval of the Enlarged Group's annual budgets and forecasts and ongoing review of Enlarged Group strategy and performance;
- Approval of the annual report and any statements made therein;
- Approval of any significant changes in accounting policies and practices;
- Appointment or removal of directors or the Company Secretary;
- Approval of appointment of senior staff and setting of their remuneration;
- Approval of any material expenditure or capital commitments;

- Ensure maintenance of robust systems of internal control – including all operating and financial systems through annual review and assessment;
- Review of the Board’s own effectiveness; and
- Ensure continued compliance with any regulatory requirements.

The non-executive directors have a particular responsibility to scrutinise and assess the strategy proposed by the executive management, to evaluate performance, business risk and the integrity of financial information and controls, and to ensure appropriate remuneration and succession arrangements are put in place for the executive directors.

#### ***Policy on election***

One third of the Enlarged Board must offer itself for re-election each year (excluding the managing director and other executive directors from time to time).

#### ***AIM Rules Compliance***

The Company intends to establish an AIM Rules Compliance Committee, the main role and responsibility of which will be, *inter alia*, to ensure that procedures, resources and controls are in place to ensure AIM Rules compliance by the Company are operating effectively at all times and that the executive directors are communicating as necessary with the Company’s Nominated Adviser regarding ongoing compliance with the AIM Rules and in relation to all announcements and notifications and proposed or potential transactions. The Company has in place a share dealing code in order to ensure compliance with Rule 21 of the AIM Rules.

#### ***Audit Committee***

The Audit Committee comprises Simon Michaels and Howard Crosby and is chaired by Simon Michaels. The Audit Committee is responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on and for meeting the auditors and reviewing their reports relating to accounts and internal controls.

#### ***Remuneration Committee***

The Remuneration Committee comprises Simon Michaels and Howard Crosby and is chaired by Simon Michaels. The Remuneration Committee reviews the performance of executive directors and sets their remuneration, determines the payment of bonuses to executive directors and considers the future allocation of share options to Directors and employees so as to demonstrate to the Shareholders that the remuneration of the executive directors and employees of the Company is set by a board committee whose members have no personal interest in the outcome of the committee’s decision and who will have appropriate regard to the interests of the Shareholders.

The Directors and the Proposed Directors do not consider it appropriate to appoint a nomination committee at this stage in the Company’s development. The Enlarged Board will make new Board appointments as may be appropriate from time to time.

#### **14. Share Dealing Code**

The Company has adopted and will continue to operate a share dealing code to prevent any member of the Enlarged Board and applicable employees from dealing in New Ordinary Shares during close periods in accordance with Rule 21 of the AIM Rules.

#### **15. Anti-Bribery and Corruption**

The Group has in place Anti-Bribery and Corruption procedures which will be applied throughout the Enlarged Group.

## **16. Social, Ethical and Environmental Responsibilities**

The Company believes in supporting the local community and working closely with all communities that it engages with during any exploration or other process. The Enlarged Group intends to hire local labour wherever possible to support exploration and operations in the field and provides a fair wage for each day worked as well as providing medical care for all employees. The Company intends to include local communities during exploration and provide locals with training to assist with all levels of exploration work to provide a positive local impact.

The Enlarged Group believes in causing the minimum environmental impact during all stages of exploration and to leaving as little evidence of its exploration work as possible afterwards.

## **17. Lock-In and Orderly Market Undertakings**

Each member of the Enlarged Board, Quest, Geoffrey Dart and Clive Russell have undertaken to the Company and to Northland, in accordance Rule 7 of the AIM Rules, that they will not dispose of their New Ordinary Shares for a period of 12 months following Admission and, other than through the Company's broker so as to preserve an orderly market, they will not sell any New Ordinary Shares for the period of 12 months thereafter.

These arrangements will apply in respect of 95,531,775 New Ordinary Shares, representing, in aggregate, 42.47 per cent. of the Enlarged Share Capital. The undertakings outlined above do not apply in the limited circumstances provided by Rule 7 of the AIM Rules.

Further details of these arrangements are summarised in paragraph 9 of Part V of this Document.

## **18. Authority to allot securities and power to waive pre-emption rights**

Resolutions dealing with the authority of the Enlarged Board to allot shares (and rights to subscribe for shares) will be proposed at the GM.

By law, directors are not permitted to allot new shares (or to grant rights to subscribe for shares) unless authorised to do so by shareholders. In addition, directors require specific authority from shareholders before allotting new shares (or rights to subscribe for shares) for cash without first offering them to existing shareholders in proportion to their holdings.

Resolution 3 gives the Enlarged Board the necessary authority to allot securities within the limits specified in Resolution 3. This resolution allows the Directors to allot *inter alia*, the Consideration Shares, the Placing Shares and the New Ordinary Shares being subscribed for following payment of accrued fees.

Resolution 6 gives the Directors the power to allot the said securities without following the statutory pre-emption rights afforded to Shareholders under the Act.

It is intended to renew the authority and power at successive annual general meetings. This limited authority will enable the Enlarged Board to issue shares when it believes it is in the interests of the Company to do so.

## **19. Admission to AIM and dealings**

The Acquisition will constitute a "reverse-takeover" under the AIM Rules and is therefore conditional upon the approval of Shareholders being given at the General Meeting, details of which are set out below. Application will be made for the Enlarged Share Capital to be admitted to trading on AIM and it is anticipated that Admission will become effective and that trading in the Enlarged Share Capital on AIM will commence on 25 September 2013.

The Company currently has in issue 92,487,529 Ordinary Shares and upon Admission will, subject to approval of the Proposals at the General Meeting, have 224,954,062 New Ordinary Shares in issue.

The Consideration Shares, the Placing Shares and the New Ordinary Shares subscribed for following payment of fees and expenses will, on Admission, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions thereafter declared, made or paid in respect of the Ordinary Shares.

### **CREST**

The Directors will arrange for the Enlarged Share Capital to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in New Ordinary Shares following Admission may, if a shareholder wishes, take place within the CREST system. CREST is a paperless settlement procedure, which allows title to securities to be evidenced without a certificate and transferred otherwise than by written instrument.

CREST is a voluntary system and shareholders who wish to receive and retain share certificates will be able to do so.

### **20. City Code**

The Company is registered in England and Wales, and its place of central management and control is within the UK and, accordingly, the Company is subject to the City Code and Shareholders are protected under the City Code.

Following Admission, the place of central management will remain within the UK as most members of the Enlarged Board will be UK resident and as such the City Code will continue to apply.

### **21. Dividend Policy**

The Company has not paid any dividends since incorporation. The Enlarged Board intends to devote the Company's cash reserves to development activities in the short to medium term and intend to commence the payment of dividends only when they consider it commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

### **22. Taxation**

General information regarding UK taxation in relation to the Admission is set out in paragraph 13 of Part V of this Document. A potential Shareholder who is in any doubt as to his or her tax position, or is subject to tax in a jurisdiction other than the UK, should consult his or her professional advisers immediately.

### **23. Risk Factors**

Your attention is drawn to the risk factors set out in Part II of this Document.

### **24. Additional Information**

Your attention is further drawn to the information contained in Parts III, VI and V of this Document which provide additional information on the Group and the Claims.

### **25. General Meeting**

You will find at the end of this Document, the Notice of GM to be held at City & Westminster Corporate Finance, 2 Floor, Stanmore House, 29/30 St James' St, London, SW1A 1HB at 10.00 a.m. on 24 September 2013 at which the Resolutions will be proposed of which those numbered 1-4 (inclusive) are proposed as ordinary resolutions and Resolution 5 and 6 as special resolutions.



## Ordinary Resolutions

1. THAT, subject to the passing of Resolution 5, each of the existing issued ordinary shares of 1 pence each in the capital of the Company be sub-divided into 10 ordinary shares of 0.1 pence each in the capital of the Company, having the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing ordinary shares in the capital of the Company (save as to nominal value).
2. THAT, the proposed sale and purchase (“the Acquisition”) as described in the circular to shareholders dated 5 September 2013 (the “Circular”) (as constituting a reverse takeover pursuant to AIM Rule 14), on the terms and subject to the conditions of the agreement (“the Acquisition Agreement”) described in the Circular be and is hereby approved and that the board of directors of the Company (or a duly constituted committee of that board) be and is hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition or the Acquisition Agreement (but not to any material extent) and do all such things as it may consider necessary or desirable in connection with the Acquisition and the execution and implementation of the Acquisition Agreement.
3. THAT, subject to the passing of Resolutions 2 and 6, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (“Act”) (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements made prior to the passing of this resolution) to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company (“relevant securities”) up to an aggregate nominal amount of:
  - a. £33,334 in connection with the Acquisition;
  - b. £70,000 in connection with the Placing (as described in the Document);
  - c. £22,334 in respect of accrued fees (as described in the Document);
  - d. £6,800 in respect of commissions due under the Placing (as described in Part V of the Document);
  - e. £30,000 under the terms of the convertible loan notes (as described in the Document); and
  - f. £100,000 in addition to the authority granted pursuant to paragraph 3(a), (b), (c), (d) and (e) above,

and this authority shall unless renewed, varied or revoked by the Company expire immediately prior to the Annual General Meeting of the Company to be held in the calendar year 2014 save that the Company may, before such expiry, revocation or variation of this authority, make any offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

4. THAT, subject to the passing of Resolution 1, the issue of 9,166,600 New Ordinary Shares to each of John May and Simon Michaels that they shall subscribe for following payment of accrued Director’s fees to 31 August 2013; the issue of 4,000,000 New Ordinary Shares to Stuart Adam that he shall subscribe for following payment of accrued professional fees and the subscription by City & Westminster Corporate Finance LLP for £20,000 of interest free convertible loan notes in lieu of fees due from the Company be each approved as a related party transaction for the purposes of Rule 13 of the AIM Rules.

## Special Resolutions

5. That, for every ten ordinary shares of 0.1 pence each (created pursuant to the subdivision set out in Resolution 1 above), nine of such ordinary shares of 0.1 pence each in the capital of the Company be and is hereby re-classified and re-designated as deferred shares of 0.1 pence each ranking *pari passu* in all respects with the existing deferred shares of 0.1 pence each in the capital of the Company having the rights and privileges and being subject to the restrictions contained in the Articles of Association of the Company in force at the date of the passing of this Resolution.
6. THAT, subject to the passing of Resolutions 2 and 3, the Directors be and are hereby empowered and authorised pursuant to section 570 of the Act (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements made prior to the passing of this resolution) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 3 as if section 561(1) of the Act did not apply to any such allotment, providing that the maximum nominal amount of equity securities that may be allotted pursuant to such authority shall be:
  - a. £33,334 in connection with the Acquisition;
  - b. £70,000 in connection with the Placing (as described in the Document);
  - c. £22,334 in respect of accrued fees (as described in the Document);
  - d. £6,800 in respect of commissions due under the Placing (as described in Part V of the Document);
  - e. £30,000 under the terms of the convertible loan notes (as described in the Document); and
  - f. otherwise than pursuant to paragraph 6(a),(b), (c), (d)and (e) above, the allotment of additional relevant securities up to an aggregate amount of £100,000,

provided further that this authority shall unless renewed, varied or revoked by the Company expire immediately prior to the Annual General Meeting of the Company to be held in the calendar year 2014, save that the Directors may allot equity securities pursuant to an offer or agreement which is entered into before such expiry which would or might require equity securities to be allotted after such expiry”

## 26. Action to be taken by all Shareholders

You will find enclosed with this Document, a Form of Proxy for use at the GM. Whether or not you intend to be present at the meeting you are requested to complete and sign the Form of Proxy in accordance with the instructions thereon and return it to Share Registrars Limited as soon as possible and in any event so as to arrive no later than 10.00 a.m. on 20 September 2013. Completion and return of the Form of Proxy will not prevent you from attending the GM and voting in person should you so wish.

## 27. Irrevocable Undertakings

In addition to the undertakings of the Directors set out below and representing an aggregate of 26,160,749 Existing Ordinary Shares, further irrevocable undertakings to vote in favour of the Resolutions have been received from certain other Shareholders in respect of their beneficial holdings amounting, in aggregate, to 14,704,493 Existing Ordinary Shares representing 15.9 per cent. of the Existing Ordinary Shares. In aggregate, therefore, irrevocable undertakings to vote in favour of the Resolutions have been received from holders of 40,865,242 Existing Ordinary Shares representing 44.2 per cent. of the Existing Ordinary Shares.

**28. Recommendation**

The Directors consider the Proposals are fair and reasonable and in the best interests of the Company and its Shareholders.

**Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as they (save for Resolution 4), intend to do in respect of their own beneficial and non-beneficial holdings amounting in aggregate, to 26,160,749 Ordinary Shares, representing 28.29 per cent. of the Existing Ordinary Shares.**

Yours faithfully

**John May**

*Chairman*

## PART II

### RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below. An investment in the New Ordinary Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the New Ordinary Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

Prospective investors should be aware that an investment in the Enlarged Group involves a high degree of risk and should only be made by financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). There can be no certainty that the Enlarged Group will be able to implement successfully the new strategy set out in this Document. No representation is or can be made as to the future performance of the Enlarged Group and there can be no assurance that the Enlarged Group will achieve its objectives.

In addition to the usual risks associated with an investment in a company, the Enlarged Board considers that the factors and risks described below are the most significant in relation to an investment in the Enlarged Group and should be carefully considered, together with all the information contained in this Document, prior to investing in the New Ordinary Shares.

The list of risks set out below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Enlarged Group and nor are the risks set out in any order of priority. It should also be noted that there may be additional risks and uncertainties not presently known to the Directors or Proposed Directors, or which they currently believe to be immaterial, which may also have an adverse effect on the Enlarged Group.

If any of the events described in the following risk factors actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the New Ordinary Shares could decline and investors could lose all or part of their investment.

The Enlarged Group's performance may be affected by changes in legal, regulatory and tax requirements in any of the jurisdictions in which it operates or intends to operate as well as overall global financial conditions.

#### *Operating and environmental hazards*

Hazards, incident to the operation of mining properties and unforeseen conditions, may be encountered when participating in exploration activities. Further, on occasion, substantial liabilities to third parties or governmental entities may be incurred. The Enlarged Group could be subject to liability for pollution and other damages or hazards which cannot be insured against or which have not been insured against due to prohibitive premium costs or for other reasons. No member of the Enlarged Group maintains any insurance for environmental damages. Governmental regulations relating to environmental matters could also increase the cost of doing business or require alteration or cessation of operations in certain areas.

#### *Governmental Regulations risk*

The proposed mining operations are subject to extensive regulation governing development, production, labour standards, occupational health, waste disposal, use of toxic substances, environmental

regulations, mine safety and other matters. Some jurisdictions also require or may in the future require the payment of royalties. Changes in regulations can have material impacts on anticipated levels of production, costs and profitability. It is possible that exploration, development or operation of a mine may be delayed or terminated as a result of the inability to obtain all required permits and government approvals on an economic basis, or the imposition of royalty payments or other government regulations.

The Claims only permit the Company to undertake certain forms of exploration excluding drilling. In order to undertake drilling to establish a resource and then subsequently a mining operation, the Company will need the requisite permissions and there can be no guarantee they would be forthcoming.

#### *Exploration risks*

Exploration for minerals and precious metals is speculative and involves significant degrees of risk and the probability of an individual prospect having economically extractable mineral resources is remote. Exploration and feasibility activities may be delayed or disrupted by the availability of drilling rigs or other technical contractors, adverse weather conditions, difficulties in gaining access to the desired exploration sites, delays in approvals from authorities or technology providers or technical issues such as unexpected geological formations or process test work results.

No assurances can be given that the Enlarged Groups will delineate any commercially viable mineral deposits through its exploration and feasibility work.

The proposed work programme set out in Part I of this Document and the CPR is based on certain assumptions with respect to the method and timing of exploration work. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Therefore, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Enlarged Group's viability, in addition to which the funds spent on exploration may not yield favourable results, which could result in a loss of your investment.

In order to establish a resource, the Enlarged Group will need to undertake significantly more exploration work than that detail in this Document which will require further permits and funds neither of which can be guaranteed. The Enlarged Group will not generate any income until mining commences.

#### *Adjudication*

The Claims have undergone the initial adjudication process with the BLM and have been determined to be valid active claims. However, it was noted during the adjudication process that several of these Claims partially conflict with patented claims that were issued without a reservation of the mineral estate by the United States. The discovery points on the Claims must lie on that portion of the Claim which is open to entry. If patented lands divide any of the Claims into non-contiguous pieces, each of these non-contiguous pieces must have a discovery upon them. Care must be taken to avoid conducting mining activities on land closed to mineral entry.

#### *Management of Growth*

The ability of the Enlarged Group to implement its strategy requires effective planning and management control systems. The speed at which the business develops may place a significant strain on the Enlarged Group's management, operational, financial and personnel resources. Failure to expand and improve operational, financial and management information and quality control systems in line with the Enlarged Group's growth could have a detrimental impact on the trading performance of the Enlarged Group. In mitigation, the Enlarged Group has an experienced management team and a clear strategy for the integration and management of the expected business growth.

### *Project development and operating risks*

If the Enlarged Group, through the implementation of the work programme described in Part I and the CPR, achieves exploration success that leads to a decision to develop production operations, the development and ongoing production from such operations may be adversely affected by various factors, including failure to achieve predicted production rates, mechanical failure or plant breakdown, unanticipated problems, adverse weather conditions, industrial and environmental accidents, industrial disputes, delays to government actions, infrastructure availability and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Commodity prices fluctuate and there is no guarantee that market prices at any one time will be higher than production costs.

### *Volatility of Silver Prices*

The future profitability of the Company will depend significantly on the market price of and demand for silver. The price of silver may fluctuate and is subject to factors beyond the Enlarged Group's control.

### *Attraction and retention of key employees*

The Company will depend on the continued service and performance of the Chairman and other directors and whilst it has entered into contractual arrangements with these individuals with the aim of securing the services of each of them, retention of these services cannot be guaranteed. The loss of their services could damage the Enlarged Group's business. Equally the ability to attract new employees and senior executives with the appropriate expertise and skills cannot be guaranteed. The Enlarged Group may experience difficulties in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Company.

### *Acquisition Agreement*

The Acquisition Agreement is governed by the laws of the State of Idaho. Should there be a breach of the representations and warranties contained therein, or any other breach of the agreement, the costs of bringing and/or maintaining proceedings are likely to be substantially higher than bringing a claim in the United Kingdom.

### *Future funding*

The Company will need to raise further capital in the future to develop fully the Enlarged Group's business or to take advantage of acquisition or investment opportunities. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Company or to the Company's shareholders. Whilst the Company has sufficient working capital for the work programme as outlined in this Document and for at least the next twelve months without the requirement for further funds, significant new or additional development of the projects will be limited. As such, the Company's newsflow may be limited, which in turn could negatively impact its ability to market its projects as an investment opportunity. As such, it is likely that the Company will seek to raise extra capital based on the results of the proposed work programme.

### *Economic and political risks*

Most of the Enlarged Group's activities will be outside the UK and, accordingly, there are a number of risks over which it has little control.

Whilst the Enlarged Group will make every effort to ensure it has robust contractual agreements covering its activities, there is a risk that the Enlarged Group's activities are adversely impacted by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences or contracts, expropriation, war, terrorism, insurrection and changes to laws governing mineral exploration and operations.

There is also the possibility that the terms of any licence or contracts the Enlarged Group holds (including any favourable tax provisions) may be changed.

#### *Currency risk*

Whilst the Company will report its results in Pounds sterling, some of its costs and a small portion of its revenues will be denominated in currencies outside its reporting currency. This may result in additions to or reductions in the Company's reported costs or reductions in or increases to the Company's reported revenues.

#### *Liquidity and cash flow risk*

The Enlarged Group will monitor its cash position on a daily basis and maintain a detailed rolling weekly cash flow forecast for three months ahead. The Enlarged Group's annual budgets include a cash flow forecast. All of these financial documents are regularly reviewed by the Directors. The Enlarged Group's assets were principally funded by equity and cash in bank at the balance sheet date.

#### *Taxation risk*

Any change in the Enlarged Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, affect the Company's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this Document concerning the taxation of the Company and its investors are based upon tax law and practice at the date of this Document, which is subject to change.

#### *Force majeure*

The Enlarged Group's operations now or in the future may be adversely affected by risks outside the control of the Enlarged Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

#### *General economic conditions*

Market conditions, particularly those affecting mining companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Enlarged Group could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of natural resource investment companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.

#### *Litigation risk*

Legal proceedings may arise from time to time in the course of the Enlarged Group's business. The Company cannot preclude the possibility that litigation may be brought against it or other companies in the Enlarged Group.

#### *Competition risk*

The Enlarged Board expects to encounter competition from other mining companies, including major integrated and numerous independent companies, individuals and drilling and income programmes. Many of the competing companies will have been engaged in the mining business much longer than the Enlarged Group and will have greater prospects, larger operating staff and greater financial strength, including capital resources.

### *Legal systems*

Some of the countries the Enlarged Group may operate in could have legal systems that are less well developed than or different to those in the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; (v) relative inexperience of the judiciary and courts in such matters; and (vi) difficulty in the interpretation and enforcement of licences and other contracts. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangement in these jurisdictions cannot be assured.

### *AIM*

The Existing Share Capital is already admitted to AIM and it is emphasised that no application is being made for admission of any of the New Ordinary Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted on the Official List. The rules of AIM are less demanding than those of the Official List of the UK Listing Authority. Further, the London Stock Exchange has not itself examined or approved the contents of this Document.

A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised for the purposes of FSMA who specialises in the acquisition of shares and other securities.

### *Liquidity and possible price volatility*

The market price of the New Ordinary Shares may be subject to significant fluctuations in response to many factors, including variations in the results of the Enlarged Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Enlarged Group's sector and other events and factors outside of the Enlarged Group's control. In addition, stock market prices may be volatile and may go down as well as up.

The price at which investors may dispose of their New Ordinary Shares may be influenced by a number of factors, some of which may pertain to the Enlarged Group and others of which are extraneous. These factors could include the performance of the Enlarged Group's business, changes in the values of its investments, changes in the amount of distributions or dividends, changes in the Enlarged Group's operating expenses, variations in and the timing of the recognition of realised and unrealised gains or losses, the degree to which the Enlarged Group encounters competition, large purchases or sales of New Ordinary Shares, liquidity (or absence of liquidity) in the New Ordinary Shares, legislative or regulatory or taxation changes and general economic conditions. The value of the New Ordinary Shares will therefore fluctuate and may not reflect their underlying asset value. Investors may realise less than the original amount invested.

The admission of the New Ordinary Shares to trading on AIM should not be taken as implying that there is or will be a liquid market for the New Ordinary Shares. It may be more difficult for an investor to realise an investment in the Company than in a company whose shares are quoted on the Official List. In addition, the market price of the New Ordinary Shares may not reflect the underlying value of the Company's net assets.



### *Forward looking statements*

This Document includes “forward-looking statements” which includes all statements other than statement of historical facts, including, without limitation, those regarding the Enlarged Group’s financial position, business strategy, plans and objectives of management for future operations and any statements preceded by, followed by or that include forward-looking terminology such as the words “targets”, “believes”, “estimates”, “expects”, “aims”, “intends”, “can”, “may”, “anticipates”, “would”, “should”, “could”, or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Enlarged Group’s control that would cause the actual results, performance or achievements of the Enlarged Group to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Enlarged Group’s present and future business strategies and the environment in which the Enlarged Group will operate in the future. Among the important factors that could cause the Enlarged Group’s actual results, performance or achievements to differ materially from those in forward-looking statements include those factors in this Part II of this Document entitled “Risk Factors” and elsewhere in this Document. These forward-looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based. As a result of these factors, the events described in the forward-looking statements in this Document may not occur either partially or at all. Neither the Company nor Northland nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied by any forward-looking statements contained herein will actually occur. Other than in accordance with their legal or regulatory obligations (including under the AIM Rules), neither the Company nor Northland is under any obligation, and each of them expressly disclaims any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Part III

### COMPETENT PERSONS' REPORT

Competent Person's Report  
On Red Leopard Mining, Inc.  
Properties  
Idaho  
USA



Prepared for:

Red Leopard Holdings plc  
233-237 Old Marylebone Road  
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Northland Capital Partners Limited  
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Red Leopard Mining, Inc.  
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A handwritten signature in blue ink, appearing to be 'G. Schifrin'. The signature is stylized and written in a cursive-like font.

Prepared by:

Gregory Schifrin  
Minex Exploration  
120 E Lake St., Suite 401  
Sandpoint, ID 83864  
3-5-2013

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## 1.0 EXECUTIVE SUMMARY

Minex Exploration of Sandpoint, Idaho has been commissioned by Red Leopard Mining, Inc. (“RLM”), Red Leopard Holding plc (“RLH”) and Northland Capital Partners Limited, acting as Nominated Advisers for RLH, to complete an Independent Competent Person’s Report (“CPR”) on RLM’s unpatented federal lode mining claims in Idaho, United States. RLM are each State of Idaho corporations focused on exploration for silver, lead, zinc and other mineral exploration in the northeast corner of the historic Coeur d’Alene Mining District. RLM are subsidiaries of Quest Minerals Corporation (“Quest”). Quest owns all of the issued and outstanding shares of RLM. The properties that are subject to this report consist of the following unpatented federal lode mining claim groups: the SP Claims, the DP Claims and the GOS Claims, a total land package of approximately 1435 hectares (3546 acres) of mineral rights.

This report has been prepared for RLM and RLH. RLH is a publicly traded company admitted to trading on the AIM, a market operated by the London Stock Exchange. RLH is currently focused on undertaking property and hospitality related consultancy and value added services. It assesses the current market level of asset values and the potential to achieve material upside in capital values.

This report has been prepared in accordance with the Code and Guidance for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The VALMIN Code) and the June 2009 AIM guidance note for mining and oil and gas companies as published by the London Stock Exchange.

The properties of interest are located in northern Idaho, United States of America. The largest urban center in northern Idaho in proximity to the properties is Coeur d’Alene, Idaho with a population of 44,962. Coeur d’Alene has rail support and an international airport approximately 53km to the west in Spokane, Washington.

The properties range in elevation from 900 meters above mean sea level (MSL), at Dobson Gulch, to 1900 meters above mean sea level (MSL) at Sunset Peak. The properties are located on Public Lands administered by the Panhandle National Forest and the Bureau of Land Management. The terrain consists of dense forests of conifers and thick brush cover on most of the northern slopes and valley floors. Secondary growths of conifers, replacing forests destroyed by fire and areas that have been logged, are abundant. Water flows in the local streams year round.

Documented surface exploration in the area began as early as 1886, with surface indicators of the Hercules Mine ore deposit. Regular mine production on this site was not started until 1902. Fourteen historical mines and prospects are located in the area of interest, and are for the most part lead-zinc rich. These deposits are similar to the deposits located in the Pine Creek area to the west. If the Osburn fault was reconstructed to pre-movement position, the RLM Project mines may have lined up roughly north-south with the deposits of the Pine Creek area, to the west and south of the Osburn fault.

The Coeur d’ Alene Mining District is approximately 77,700 hectares (192,000 acres) and has produced over 37.94 billion grams of silver and substantial lead, zinc, gold and copper.

Following is an overview map showing the location of properties. (Figure 1: Property Overview Map) The map shows the proximity of the properties to local supply and cultural centers.

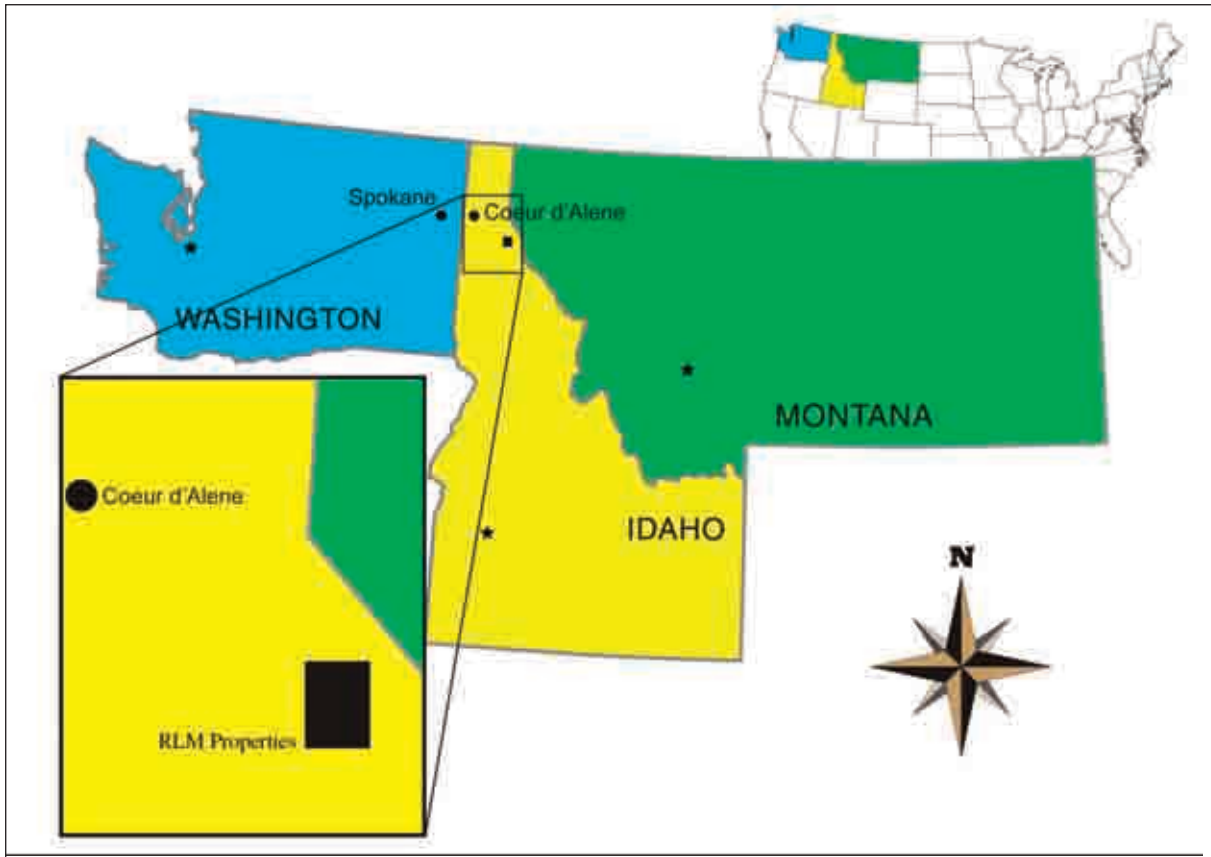


Figure 1: Property Overview Map

A summary of key information pertaining to the material assets is set out in Table 1.

**Table 1. Summary Table of RLM Assets**

Asset	Holder (Lessee)	Effective Interest (%)	Status	License expiry date	License area (ha)	Comments
PR Properties: 126 SP Claims 56 DP Claims 23 GOS Claims	Red Leopard Mining, Inc.	100%	Exploration	N/A	1435.19	Preparation for further exploration.

### 1.1 SP Claims Property

The SP Claim Group is centered at approximately 47° 33' 44.6"N. and 115° 47' 51.5"W., NAD 27 projection in Shoshone County, Idaho and UTM coordinates 590448 E., 5268148 N., Zone 11 N., NAD 27. (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map) The RLM properties are on the United States Geologic Survey (USGS) Osburn Quadrangle Idaho-Shoshone County and Burke Quadrangle Idaho-Montana, 7.5 minute series topographical maps. The property is approximately 78 km southeast of Coeur d'Alene, Idaho and 12.5 km north of Wallace, Idaho. Departing from Coeur d'Alene, drive east on U.S. Interstate 90 for 78 km to Wallace, Idaho. Turn north on 9 Mile Creek Rd, NF-456, and travel for 5.21 km. Turn right onto an unmarked BLM logging road and travel northeast

on this road for 3.12 km, then turn right and travel another 7.53 km northeast to the center of the claim group.

There are 126 unpatented federal lode mining claims in the SP Claim Group (Table 2). The SP Claims are in T. 49 N., R. 5 E., Sects 26, 27, 28, 29, 33, 34, 35, and 36, Boise Meridian, Idaho and T. 48 N., R. 5 E., Sects 1 and 2, Boise Meridian, Idaho. The SP Claim Group is in the Coeur d’Alene Mining District, controlling a total of approximately 892 hectares (2205 acres) of mineral rights.

**Table 2. SP Claims**

<b>Claim Name</b>	<b>BLM IMC#</b>	<b>Claim Name</b>	<b>BLM IMC#</b>	<b>Claim Name</b>	<b>BLM IMC#</b>
SP47	212304	SP132	212345	SP188	212387
SP64	212305	SP143	212346	SP189	212388
SP65	212306	SP144	212347	SP190	212389
SP66	212307	SP145	212348	SP191	212390
SP67	212308	SP146	212349	SP192	212391
SP68	212309	SP147	212350	SP193	212392
SP69	212310	SP148	212351	SP194	212393
SP70	212311	SP149	212352	SP197	212394
SP71	212312	SP150	212353	SP198	212395
SP89	212313	SP151	212354	SP199	212396
SP90	212314	SP152	212355	SP200	212397
SP91	212315	SP153	212356	SP201	212398
SP92	212316	SP154	212357	SP202	212399
SP93	212317	SP155	212358	SP203	212400
SP94	212318	SP156	212359	SP204	212401
SP95	212319	SP157	212360	SP205	212402
SP96	212320	SP158	212361	SP206	212403
SP97	212321	SP159	212362	SP207	212404
SPS98	212269	SP160	212363	SP208	212405
SP109	212322	SP161	212364	SP209	212406
SP110	212323	SP162	212365	SP210	212407
SP111	212324	SP163	212366	SP212	212408
SP112	212325	SP164	212367	SP214	212409
SP113	212326	SP165	212368	SP217	212410
SP114	212327	SP166	212369	SP218	212411
SP115	212328	SP167	212370	SP219	212412
SP116	212329	SP168	212371	SP220	212413
SP117	212330	SP173	212372	SP221	212414
SP118	212331	SP174	212373	SP222	212415
SP119	212332	SP175	212374	SP223	212416
SP120	212333	SP176	212375	SP224	212417
SP121	212334	SP177	212376	SP225	212418
SP122	212335	SP178	212377	SP226	212419
SP123	212336	SP179	212378	SP227	212420
SP124	212337	SP180	212379	SP228	212421
SP125	212338	SP181	212380	SP229	212422
SP126	212339	SP182	212381	SP230	212423
SP127	212340	SP183	212382	SP231	212424
SP128	212341	SP184	212383	SP232	212425
SP129	212342	SP185	212384	SP233	212426
SP130	212343	SP186	212385	SP234	212427
SP131	212344	SP187	212386	SP235	212428

## 1.2 DP Claims Property

The DP Claim Groups are centered approximately at 47° 32' 45.0"N and 115° 53' 48.9"W and 47° 32' 37.2"N and 115° 52' 14.6"W NAD 27 projection in Shoshone County, Idaho and UTM coordinates 583006 E., 5266196 N. and 584981 E., 5265983 N., Zone 11 N., NAD 27. (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map) The RLM properties are on the United States Geologic Survey (USGS) Osburn Quadrangle Idaho-Shoshone County and Burke Quadrangle Idaho-Montana, 7.5 minute series topographical maps. To access the eastern DP Claim group, travel north on NF-456 for 5.21 km. Turn right onto unmarked BLM road and travel northeast for 3.12 km, then turn right and travel another 3.69 km northeast to the center of the claim group. For the western DP claim group, make a sharp switchback right turn onto unmarked BLM road after traveling 8.82 km on NF-456. Follow this road for 3.18 km to the center of the western DP Claim group.

There are 56 unpatented federal lode mining claims in the DP Claim Group (Table 3). The DP Claims 1-11, marked with an asterisk, are new claims with unique serial numbers despite repetitive claim names.

The DP Claims are located in T. 49 N., R. 4 E., Sects 35 and 36, Boise Meridian, Idaho, T. 49 N., R. 5 E., Sect 31, Boise Meridian, Idaho, T. 48 N., R. 4 E., Sects 1 and 2, Boise Meridian, Idaho, and T. 48 N., R. 5 E., Sect 6, Boise Meridian, Idaho. The DP Claims are in the Coeur d'Alene Mining District, covering approximately 408 hectares (1010 acres) of mineral rights.

**Table 3. DP Claims**

Claim Name	BLM IMC#	Claim Name	BLM IMC#	Claim Name	BLM IMC#
DP1	206724	DP20	206743	DP39	206762
DP2	206725	DP21	206744	DP40	206763
DP3	206726	DP22	206745	DP41	206764
DP4	206727	DP23	206746	DP42	206765
DP5	206728	DP24	206747	DP43	206766
DP6	206729	DP25	206748	DP44	206767
DP7	206730	DP26	206749	DP45	206768
DP8	206731	DP27	206750		
DP9	206732	DP28	206751	DP1*	212270
DP10	206733	DP29	206752	DP2*	212271
DP11	206734	DP30	206753	DP3*	212272
DP12	206735	DP31	206754	DP4*	212273
DP13	206736	DP32	206755	DP5*	212274
DP14	206737	DP33	206756	DP6*	212275
DP15	206738	DP34	206757	DP7*	212276
DP16	206739	DP35	206758	DP8*	212277
DP17	206740	DP36	206759	DP9*	212278
DP18	206741	DP37	206760	DP10*	212279
DP19	206742	DP38	206761	DP11*	212280

## 1.3 GOS Claims Property

The GOS Claim Group is centered approximately 47° 34' 00.5"N and 115° 51' 57.1"W NAD 27 projection in Shoshone County, Idaho and UTM coordinates 585210 E., 5269061 N., Zone 11N., NAD 27. (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map) The RLM properties are on the United States Geologic Survey (USGS) Osburn Quadrangle Idaho-Shoshone County and Burke Quadrangle Idaho-Montana, 7.5 minute series topographical maps. Departing from Coeur d'Alene, Idaho, travel east on U.S. Interstate 90 for 78 km to Wallace, ID. Turn north on 9 Mile Creek Rd, NF-456 and travel north for 8.82 km. Turn north onto an unmarked BLM road and travel northeast for another 5.24 km.

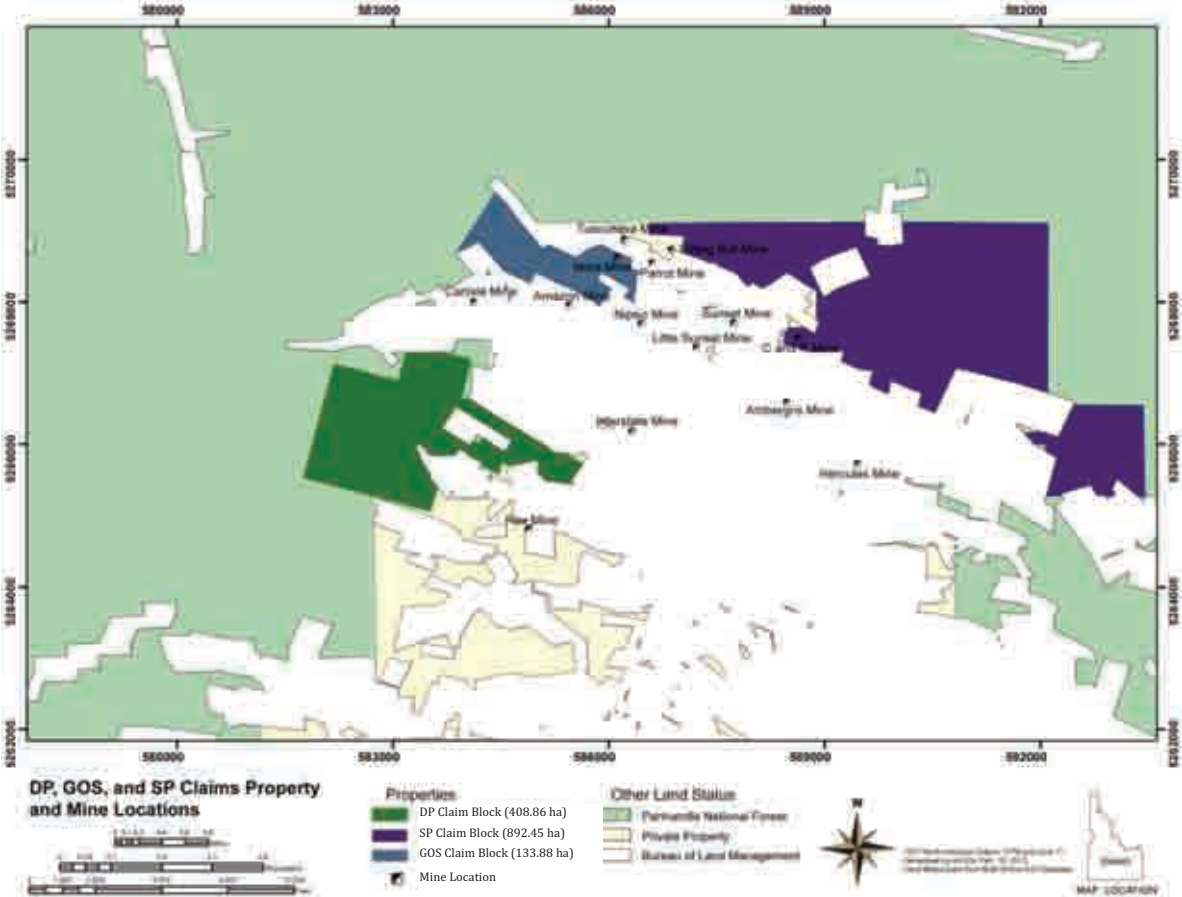


There are 23 unpatented federal lode mining claims in the GOS Claim Group (Table 4).

The GOS Claims are in T. 49 N., R. 4 E., Sects 24 and 25, Boise Meridian, Idaho and T. 49 N., R. 5 E., Sects 19, 29 and 30, Boise Meridian, Idaho. They are located in the Coeur d’Alene Mining District, covering approximately 133 hectares (331 acres) of mineral rights.

**Table 4: GOS Claims**

Claim Name	BLM IMC#	Claim Name	BLM IMC#	Claim Name	BLM IMC#
GOS1	212281	GOS9	212289	GOS17	212297
GOS2	212282	GOS10	212290	GOS18	212298
GOS3	212283	GOS11	212291	GOS19	212299
GOS4	212284	GOS12	212292	GOS20	212300
GOS5	212285	GOS13	212293	GOS21	212301
GOS6	212286	GOS14	212294	GOS22	212302
GOS7	212287	GOS15	212295	GOS23	212303
GOS8	212288	GOS16	212296		



*Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map*

**2.0 INTRODUCTION**

Minex Exploration of Sandpoint, Idaho has been commissioned by Red Leopard Mining, Inc. (“RLM”), Red Leopard Holding plc (“RLH”) and Northland Capital Partners Limited, acting as Nominated Advisers for RLH, to complete an Independent Competent Person’s Report (“CPR”) on RLM’s unpatented federal lode mining claims in Idaho, United States. RLM are each State of Idaho corporations focused on exploration for silver, lead, zinc and other mineral exploration in the northeast

corner of the historic Coeur d'Alene Mining District. RLM are subsidiaries of Quest Minerals Corporation ("Quest"). Quest owns all of the issued and outstanding shares of RLM. The properties that are subject to this report consist of the following unpatented federal lode mining claim groups: the SP Claims, the DP Claims, and the GOS Claims, a total land package of approximately 1435 hectares (3546 acres) of mineral rights.

This report has been prepared for RLM and RLH. RLH is a publicly traded company admitted to trading on the AIM, a market operated by the London Stock Exchange. RLH is currently focused on undertaking property and hospitality related consultancy and value added services. It assesses the current market level of asset values and the potential to achieve material upside in capital values.

This report has been prepared in accordance with the Code and Guidance for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The VALMIN Code) and the June 2009 AIM guidance note for mining and oil and gas companies as published by the London Stock Exchange.

The author has not independently verified ownership and current standing of the claims and is not qualified to make legal assessment or representations in this regard.

The Independent Competent Person's Report is based on information available up to and including the date of the report. The author has endeavored, by making all reasonable inquiries, to confirm the authenticity, accuracy and completeness of the technical data relied on to complete the report.

#### ***Qualifications, Experience and Independence***

Minex Exploration is an independent, privately owned consulting firm and has provided exploration consulting services to the minerals industry in North America, Canada and Mexico since 1986.

The author of this report, Gregory Schifrin, B.Sc. Geology, is a Registered Geologist, State of Washington #2146, and Professional Member Society of Mining, Metallurgy and Exploration (SME) # 4053449.

Gregory Schifrin has worked as a geologist in exploration and mining development for 29 years in precious and base metal exploration and is the owner operator of Minex Exploration. He has provided and completed exploration projects and qualifying reports throughout North America. Mr. Schifrin has worked extensively for major and junior mining companies.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Gregory Schifrin, who is a 'Recognized Overseas Professional Organization' ('ROPO') included in a list promulgated by the ASX from time to time to include Professional Member Society of Mining, Metallurgy and Exploration (SME) # 4053449. Mr. Schifrin is also a Qualified Person under the rules of NI-43-101 in Canada.

Minex Exploration's professional fees are based on work completed in regards to this report and are not contingent on any prior understanding concerning the conclusions to be reached in the report.

The report and recommendations are based on:

1. Public data archived from historical records and data provided by RLM.
2. Technical data and reports compiled by or derived from work conducted, supervised and/or documented by the exploration staff of the previous property owner.
3. Site visits to the SP, DP, and GOS Claim groups by Minex Exploration technical personnel.

The properties can be classified as exploration areas where mineralization may or may not have been identified. The author has completed an independent assessment of the quality of the geological data.

The author exercised reasonable due diligence coupled with associated inquiries, to confirm the completeness and authenticity of the technical data that formed the basis of this report. Red Leopard Mining, Inc. were supplied with the final draft of the report and requested to identify any material errors or omissions prior to publishing.

## **PROPERTY DESCRIPTIONS AND LOCATIONS**

The properties are located in northern Idaho, United States of America. The largest urban center in northern Idaho in proximity to the properties is Coeur d'Alene, Idaho with a population of 44,962. Coeur d'Alene has rail support and an international airport approximately 53km to the west in Spokane, Washington.

The RLM properties consist of three unpatented federal lode mining claim groups, the SP, GOS and DP Claims (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map). There are 205 unpatented federal lode mining claims for a total land package of approximately 1435 hectares (3546 acres) of mineral rights.

The unpatented claims have not been legally surveyed. The government of the United States of America owns the surface rights of the unpatented claims.

The government of the United States of America requires annual rental fees of \$140 per year per claim, prior to expiry August 31, to keep the claims in good standing for the following year. An assessment report with holding fees must be submitted to the Dept. of Interior, Bureau of Land Management by the expiry date.

There are no known existing environmental liabilities associated with the property and any future activities will need to be appropriately rehabilitated in accordance with the relevant regulations. For the proposed exploration program no permits are required. Permits are required if, during the course of exploration, waterways are affected and or mechanical equipment such as drilling or excavation is conducted. Further permits are required for mine development and production activities if more than 5 acres of the surface will be disturbed.

### **3.1 SP Claims Property**

The SP Claim Group is centered at approximately 47° 33' 44.6"N. and 115° 47' 51.5"W., NAD 27 projection in Shoshone County, Idaho and UTM coordinates 590448 E., 5268148 N., Zone 11 N., NAD 27. (Figure 3: DP, GOS, and SP Claims Property and Mine Locations Map) The RLM properties are on the United States Geologic Survey (USGS) Osburn Quadrangle Idaho-Shoshone County and Burke Quadrangle Idaho-Montana, 7.5 minute series topographical maps.

There are 126 unpatented federal lode mining claims in the SP Claim Group (Table 2). The SP Claims are in T. 49 N., R. 5 E., Sects 26, 27, 28, 29, 33, 34, 35, and 36, Boise Meridian, Idaho and T. 48 N., R. 5 E., Sects 1 and 2, Boise Meridian, Idaho. The SP Claim Group is in the Coeur d'Alene Mining District, controlling a total of approximately 892 hectares (2205 acres) of mineral rights.

### **3.2 DP Claims Property**

The DP Claim Groups are centered approximately at 47° 32' 45.0"N and 115° 53' 48.9"W and 47° 32' 37.2"N and 115° 52' 14.6"W NAD 27 projection in Shoshone County, Idaho and UTM coordinates 583006 E., 5266196 N. and 584981 E., 5265983 N., Zone 11 N., NAD 27. (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map) The RLM properties are on the United States Geologic Survey (USGS) Osburn Quadrangle Idaho-Shoshone County and Burke Quadrangle Idaho-Montana, 7.5 minute series topographical maps.

There are 56 unpatented federal lode mining claims in the DP Claim Group (Table 3).

The DP Claims are located in T. 49 N., R. 4 E., Sects 35 and 36, Boise Meridian, Idaho, T. 49 N., R. 5 E., Sect 31, Boise Meridian, Idaho, T. 48 N., R. 4 E., Sects 1 and 2, Boise Meridian, Idaho, and

T. 48 N., R. 5 E., Sect 6, Boise Meridian, Idaho. The DP Claims are in the Coeur d’Alene Mining District, covering approximately 408 hectares (1010 acres) of mineral rights.

### 3.3 GOS Claims Property

The GOS Claim Group is centered approximately 47° 34’ 00.5”N. and 115° 51’ 57.1”W. NAD 27 projection in Shoshone County, Idaho and UTM coordinates 585210 E., 5269061 N., Zone 11N., NAD 27. (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map) The RLM properties are on the United States Geologic Survey (USGS) Osburn Quadrangle Idaho-Shoshone County and Burke Quadrangle Idaho-Montana, 7.5 minute series topographical maps. There are 23 unpatented federal lode mining claims in the GOS Claim Group (Table 4).

The GOS Claims are in T. 49 N., R. 4 E., Sects 24 and 25, Boise Meridian, Idaho and T. 49 N., R. 5 E., Sects 19, 29 and 30, Boise Meridian, Idaho. They are located in the Coeur d’Alene Mining District, covering approximately 133 hectares (331 acres) of mineral rights.

## 4.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

### 4.1 Accessibility

**Table 5: Accessibility**

<b>SP Claims Property</b>	To access the SP Claim group, travel north from Wallace, ID on 9-mile Creek Road, NF-456, for 5.21 km. Turn right onto an unmarked BLM logging road and travel northeast on this road for 3.12 km, then turn right and travel another 7.53 km northeast to the center of the claim group.
<b>DP Claims Property</b>	To access the eastern DP Claim group, travel north from Wallace, ID on 9-mile Creek Road, NF-456, for 5.21 km. Turn right onto unmarked BLM logging road, travel northeast on this road for 3.12 km, then turn right and travel another 3.69 km northeast to the center of the claim group. For the western DP claim group, make a sharp switchback right turn onto unmarked BLM roads after 8.82 km on NF-456. Follow these roads for 3.18 km to the center of the western DP Claim group.
<b>GOS Claims Property</b>	To access the GOS Claim group, travel north from Wallace, ID on 9-mile Creek Road, NF-456, for 8.82 km. Turn north onto an unmarked BLM road and travel northeast for another 5.24 km.

### 4.2 Physiography and Climate

The properties range in elevation from 900 meters above mean sea level (MSL), at Dobson Gulch, to 1900 meters above mean sea level (MSL), at Sunset Peak. Most of the area is within the Panhandle National Forest and Bureau of Land Management Lands. The terrain consists of dense forests of conifers and thick brush cover on most of the northern slopes and valley floors. Secondary growths of conifers, replacing forests destroyed by fire and areas that have been logged, are abundant. Water flows in the local streams year round.

The terrain is moderate to thick, evergreen forests on moderate to steep, rocky slopes. Draws and creek bottoms are heavily vegetated with alder, willow and other thick underbrush.

Precipitation is moderate to high; with an annual fall of 66 cm. Periodic heavy rain and thunderstorms are common during the summer months. Summer months are moderate to hot with the average temperature being 30-32 C. Winters are moderate, with the average temperature of -10 to 10 C. Snow fall is heavy with the local average being 135 cm. First snowfall is commonly mid to late October, with permanent accumulation starting early to mid November. Snow cover is commonly melted off by late

April to Early May, but late season snowstorms are very common. Exploration activities could be carried out throughout the year with breaks due to extreme weather conditions.

**Table 6: Physiography**

Property	Vegetation	Topography	Outcrop/Cover
PR Property	Moderate to thick trees: Douglas Fir, Western Larch, Spruce, Lodgepole Pine, White Pine, Hemlock, Red Cedar, Thick Willow and Alder Brush.	Moderate to Rugged. 900 – 1900 m avg elevation Part of Pacific Watershed	~10% outcrop exposure. Pre Cambrian Prichard Fm, Burke Fm Gem Stocks on surface

### 4.3 Infrastructure

The RLM Properties have sufficient surface rights for future exploration or mining operations including potential tailings storage areas, potential waste disposal area, and potential processing plant sites. Mining personnel can be sourced from local centers, including the prolific Silver Valley District of North Idaho, Coeur D’Alene Idaho, Sandpoint Idaho, Spokane Washington, and Missoula Montana. Air, rail and vehicular support can be sourced out of Spokane WA. Spokane is the largest center of commerce in the region.

### 5.0 MINES AND PROSPECTS HISTORY AND GEOLOGY

A brief history and geology of the mines and prospects that are located on and peripheral to the RLM lode mining claims is described as follows.

Documented surface exploration of the area began as early as 1886, with surface indications of the Hercules Mine ore deposit. Regular mine production on this site was not started until 1902. Fourteen historical mines and prospects are located in the area of interest, and have historically produced ore and concentrates of silver, lead, zinc, and copper. For the approximate mine and prospect locations. (Figure 2: DP, GOS, and SP Claims Property and Mine Locations Map).

#### 5.1 Carlisle Mine

The Carlisle Mine currently consists of a mine, a mill site, and three tailings impoundments. It is located about 0.8 kilometers up Carbon Creek from Beaver Creek, on the north side of the drainage in the NE ¼ of the SE ¼ of section 25.

The mine workings are entirely in argillite and quartzose argillite of the Prichard Formation. The workings extend for about a mile, first northeasterly and then southeasterly, until they reach the northwestern end of the Interstate-Callahan Mine. Several veins are shown on Hobbs 1965 map.

In 1915, a considerable body of lead-zinc ore was developed at the Ray Jefferson mine (the original name of the Carlisle), and plans were made for to build a 227-metric tonne mill. A branch railroad connecting with the Murray branch of the Oregon-Washington Railroad and Navigation Company railway was also being planned. In 1916, a 363-metric tonne mill, which included flotation equipment, was completed. Some ore was processed, but the concentrate was stored awaiting completion of the Beaver branch of the railroad. Shipments of both crude ore and concentrates were made in 1917 and 1918 from the Ray Jefferson (Carlisle) Mine. In 1930, a little tunnel work was reported by the Ray Jefferson Mining Company. In December 1940, the Monitor Mining Company formed by consolidating the assets of the Ray Jefferson, Blue Grouse, and Amazon-Manhattan Mining Companies. The two latter companies owned property adjacent to the Ray Jefferson Mine. The new company apparently changed the mine name from Ray Jefferson to Carlisle at this time. The Carlisle was operated by Monitor Mining between 1944 and 1947. Starting in the fall of 1942, Monitor developed its four largest

ore bodies, all of which were low grade and could not have been mined profitably without price premiums on lead and zinc. In 1944, the output from the combined Amazon-Carlisle-Portland groups was 69,856 tonnes of ore, which averaged 36 grams of silver per tonne, 2.48 per cent. lead, and 5.82 per cent. zinc. The ore was treated in the Hercules, Dayrock and Carlisle flotation mills. The output for 1944 was more than double that in 1943, but labor shortages prevented full production. Despite the manpower shortage, substantial reserves of low-grade ore were proven in the Amazon and Carlisle workings. In 1945, production was 70,357 metric tonnes of ore, averaging 33.26 grams of silver per metric tonne, 2.49 per cent. lead, and 5.44 per cent. zinc, which was treated in the Hercules, Dayrock and Carlisle mills. Production in 1945 increased slightly over that in 1944, but labor shortages prevented the expansion that had been expected a year earlier. In August 1945, the Monitor Mining Company purchased the Interstate group from the Callahan Zinc Lead Company. The lower part of the Interstate, under water for more than 20 years, was to be pumped out and connected to the Carlisle mill level by approximately 549 meters of drifting. In 1946, production declined to 44,096 metric tonnes of ore, averaging 33.26 grams of silver per metric tonne, 2.21 per cent. lead, and 6.16 per cent. zinc. Development and exploration focused on rehabilitating and connecting the Interstate Mine with the Amazon and Carlisle mine workings. Known ore reserves, although relatively low in grade, remained substantial. In 1947, Monitor Mining operated the Amazon, Carlisle and Interstate mines and processed 57815 metric tonnes of zinc-lead ore at the Carlisle and Hercules mills. In October 1947, Monitor Mining and eleven other companies were consolidated to form Day Mines, Inc.

In 1948, Day Mines produced 84358 metric tonnes of ore, averaging 24.35 grams of silver per metric tonne, 1.74 per cent. lead, and 4.81 per cent. zinc, from the Amazon-Carlisle groups. The ore was treated in the Carlisle 500-ton flotation mill. The Carlisle Mine below the 2800 main haulage level yielded only low-grade ore, and its operation was terminated at the end of the year. The Amazon-Carlisle-Interstate-Silver Tip groups produced 85809 metric tonnes of zinc-lead ore in 1949. The ore was treated in the Carlisle mill. Ore breaking at the Amazon-Carlisle group ceased August 31 due to low prices of lead and zinc. In 1950, the Monitor group (Carlisle, Interstate, Silver Tip, and Amazon) was worked by Day Mines in January and July through December. The zinc-lead ore was treated in the Carlisle mill. The Monitor group was the largest producer in the Beaver district in 1951. The mine was operated throughout the year, and the ore was treated in the Carlisle 272-metric tonne mill. Much of the production was zinc ore from the Amazon vein. Day Mines terminated operations at the Monitor group and the Carlisle mill on November 30, 1952, because of low metal prices.

## **5.2 TUSCUMBIA MINE**

The zone in which the Tuscumbia veins occur is about 183 meters across and 1829 meters long. In this belt there are a number of veins, of which some 15 have been more or less developed.

The Tuscumbia produced profitably and paid \$18,000 in dividends. The report states that both the Tuscumbia and Idora are mined out.

The veins appear to be “tension” cracks, being a series of lacing lenses of variable width and considerable irregularity yet generally parallel in strike and dip. The argillite bedding on opposite walls of each lens can often be matched. The veins cross the gently dipping beds at nearly right angles. The vein material is quartz, with some tan carbonate, a little siderite, and varying amounts of pyrite, pyrrhotite, sphalerite, galena, and chalcopyrite. This is typical of that reported from other mines of the Beaver district. The enclosing rock is the Prichard Formation.

## **5.3 HERCULES MINE**

Surface indications of the ore deposit were first discovered in 1886, but regular mine production was not started until 1902 and was continuous until April 1925, when the known ore had been extracted. Incomplete records show that from 1912 until operations were suspended the mine produced 1.81 million metric tonnes of ore containing 9.4 pct lead and 264.03 grams of silver per metric tonne, together with an estimated 2 pct zinc, 0.3 pct copper, and 20 pct iron. This operation was the first in a

series of mining enterprises culminating in October 1947 with the consolidation of Day Mines, Inc. In the same year it was decided to dewater and rehabilitate the levels below the collar of the Hercules shaft in the hope of finding some indication of a recurrence of ore. In 1949 a new ore body was discovered and production continued until 1958 when all known reserves were depleted.

The total production for the mine was nearly 3.18 million metric tonnes averaging 280.15 grams of silver per metric tonne, 11 per cent. lead and 1.3 per cent. zinc.

The Hercules fault cuts across a north-south anticlinorium and offsets the Hercules vein at least several hundred feet. The Hercules Mine workings are developed in the upper Prichard Formation, mainly argillite and the Burke Formation, mainly quartzite. Outcrops of the Gem Stock Monzonite lie to the west approximately 0.8 kilometers and the O’Neil thrust fault lies approximately 610 meters to the east of the Hercules mine.

Mineralization in the Hercules Mine occurs in irregular masses along a maximum strike length of 1097 meters, striking N 75° W, dipping 75° SW. The vein was deposited along a strong, persistent shear zone that is cut by the transverse Hercules fault. Mineralization is believed to have been deposited by open space filling with subordinate replacement. Hydrothermal alteration is not intense but bleaching has occurred. Chlorite, biotite and hydrothermal siderite also occur but do not necessarily indicate ore. Ore minerals include galena, sphalerite, chalcopyrite and pyrrhotite. Gangue minerals are magnetite, pyrite, siderite, quartz, calcite and chlorite.

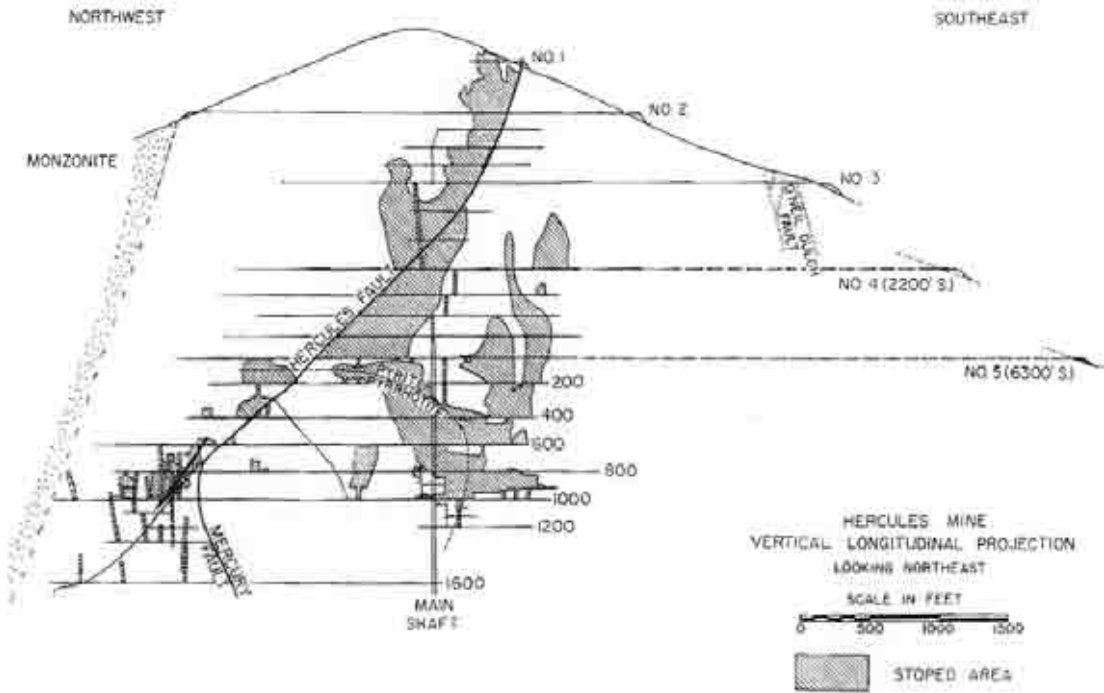


Figure 3. Longitudinal section of the Hercules mine. Crosby, G. M. (June 1956) Mining Congress Journal, pg. 44

**5.4 REX MINE**

The Rex Mine is located within and just west of the South Gem Stock. The host rock for the Rex Mine is predominantly the Prichard Formation. The USGS geology map shows 3 nearly parallel northwest trending veins.

There is very little information on the history of the Rex Mine but old mine inspector reports indicate that mine development began in 1913 and the only production occurred in 1921. In that year, approximately 163 metric tonnes of ore was shipped, containing 117.92 kilograms of silver, 41,537 kilograms of lead and 104.44 kilograms of zinc. The mine has a total development of approximately 6096 meters.

## **5.5 SITTING BULL MINE**

The Sitting Bull Mine is located just east of the Parrott Mine in the upper Prichard Formation. The nearly east-west vein at the Sitting Bull may connect with the Parrott vein. The mine is developed by 3 adits. The first mine inspector report is for 1941. The mine was consolidated with the Monitor Mining Company in 1943. No production is recorded for the Sitting Bull Mine.

## **5.6 IDORA MINE**

The Idora Mine is located approximately 305 meters northwest of the Parrott Mine and may be on the same vein system as the Parrott. The Idora operated sporadically from 1913 to 1938. The mine produced 552 metric tonnes of ore from 1915 to 1918 at a combined value of approximately \$30,000.

## **5.7 NIPSIC MINE**

The Nipsic Mine operated from 1913 to 1915. No production is recorded for this mine although approximately 1067 meters of development was noted.

## **5.8 AMAZON MINE**

The Amazon Mine is located on the east slope above Carbon Creek, a tributary to Beaver Creek. The Amazon workings are in quartzites and argillites of the Prichard Formation. The vein strikes N 65 W and dips 70 SW. Maximum strike length is 213 meters; vertical length is 466 meters; and average width is 3-5 meters.

The Amazon is part of the Monitor Mine Group formerly owned by Day Mines, Inc. Between 1940 and 1952, the property produced over 470,000 metric tonnes (518 standard tons) of ore, averaging 27.43 grams Ag/metric tonne, 1.9% Pb/ton, and 5.2% Zn/ton.

## **5.9 SUNSET MINE AND LITTLE SUNSET MINE**

The Sunset Mine is developed in the North Gem Stock and the Little Sunset Mine is developed at the upper Prichard-Burke Formation contact. This contact has been noted in the literature as a significant target for mineralization. Neither of these mines have any recorded production.

## **5.10 AMBERGRIS MINE**

The Ambergris Mine is developed in the Burke Formation. There is approximately 6096 meters of development in this mine. Production figures are rather vague but are generally 311 to 1555 kilograms of silver, 2268 to 4536 kilograms of copper and 907,185 to 1,814,369 kilograms of lead. The mine operated from 1913 to 1931.

## **5.11 C & R MINE**

The C & R Mine is located in and on the contact between the Burke Formation and the North Gem Stock. There is no production or development information on this mine.

## **5.12 INTERSTATE MINES**

According to the Engineering and Mining Journal 5, the Interstate was the largest zinc mine in Idaho at one time (in particular 1915). According to Umpleby and Jones (1923):

Year Production: (gross value of the ore):

1913	\$ 264,644
1914	\$ 828,961
1915	\$4,540,671
1916	\$3,983,522
1926	\$1,876,974

Umpleby and Jones (1923) reported that in 1916, the mine was milling 25% Zn, 6% Pb, and 2% Ag.



### 5.13 Parrott Mine

There is no information available for the Parrott Mine.

## 6.0 REGIONAL GEOLOGY AND MINERALIZATION

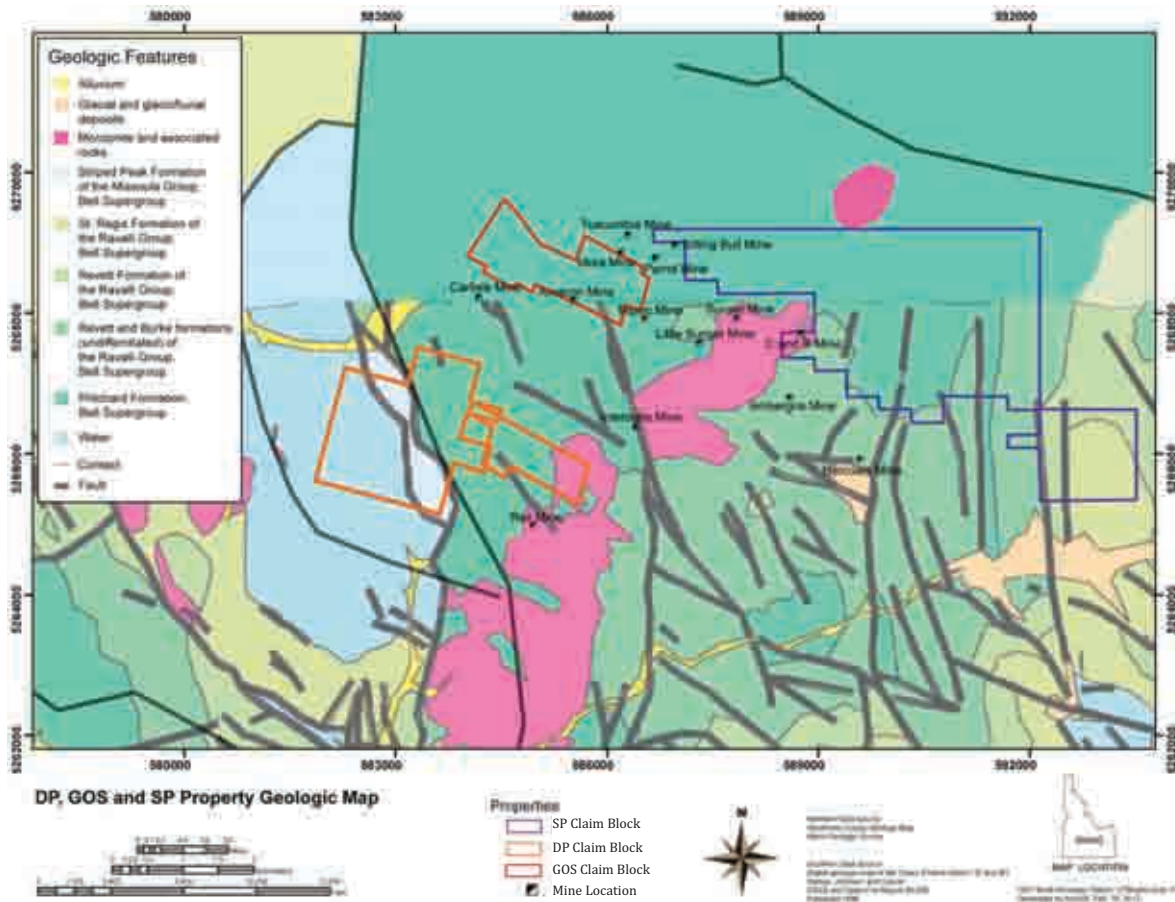


Figure 4: DP, GOS, and SP Property Geologic Map

A large part of western Montana, most of northern Idaho, a large area in southeastern British Columbia and adjoining Alberta, and small parts of northeastern Washington are underlain by the Belt Series of Precambrian age. Except for a few square miles underlain by igneous intrusives, these rocks form the bedrock of the Coeur d'Alene district and are the host for the ore deposits. They consist of a thick conformable group of sedimentary rocks-mostly fine grained clastic rocks-which are only slightly metamorphosed. In Canada, correlatives of these rocks, named the Purcell Series, were deposited in a geosynclinal basin trending north-northwestward. Nowhere is the base of the Belt Series known to be exposed inside the periphery of the basin; the thickest partial sections, between 12,192 and 15,240 meters, lie within the central part of the basin. This general area lies just east of the Coeur d'Alene district and also trends north-northwestward, extending into British Columbia.

The outcrop pattern of the Belt Series in general outlines the east margin of the basin of deposition of this thick sequence of sedimentary rocks. The absence of the Belt Series between the Precambrian basement and overlying Paleozoic rocks under much of the plains country of Alberta and the adjacent Sweetgrass arch area of north-central Montana is known from drill-hole data. From this information, the east margin of Belt sedimentation as far south as central Montana is assumed to lie near the east edge of outcrop, or nearly coincident with the eastern front of the Northern Rocky Mountains. At about the latitude of Helena, Mont., lat 46°30' N., the Belt basin extends eastward at least as far as about long 109° W., where Belt rocks crop out in the Big Snowy Mountains, as well as in the Little Belt Mountains to the west. The Belt rocks along the south margin of this embayment, somewhat south of lat 45° N., in

part consist of the North Boulder Group, which contains much coarse clastic material and probably represents a near-shore facies. South of this probable shoreline, older Precambrian rocks are unconformably overlain by Paleozoic sediments which extend westward almost to the Montana Idaho boundary where the outcrop pattern of Belt rocks indicates a southern extension of the basin. How much farther this Belt geosyncline extended to the south in Idaho is unknown, but the next Precambrian rocks exposed are near the Utah border about 193 kilometers to the south. These differ in lithology and are probably older than the Belt Series because of their higher degree of metamorphism.

The Osburn fault is a major crustal feature and has been mapped almost continuously from Fernan Lake near the city of Coeur d'Alene, Idaho, eastward for more than 169 km airline to a point about 11 km due east of Superior, Montana. The fault is best known and apparently has its maximum displacement of 26 kilometers in the Coeur d'Alene district. This fault is a major structural feature at the easternmost point to which it has been mapped in the vicinity of Superior, Montana, but Campbell believed that the displacement along it at this point is considerably less than in the district. Campbell and Hobbs, who made a reconnaissance by airplane east of the St. Regis-Superior area in Montana, reported that the fault can be recognized by physiographic features for many miles east of that area. The Osburn fault is a strike-slip fault with right lateral movement, meaning the rocks north of the fault moved east and the rocks south of the fault moved to the west.

The mines of the RLM Project are for the most part lead-zinc rich. These deposits are similar to the deposits located in the Pine Creek area to the west. If the Osburn fault is reconstructed to pre-movement position the RLM Project mines may have lined up roughly north-south with the deposits of the Pine Creek area, to the west and south of the Osburn fault.

The Coeur d' Alene Mining District is approximately 77,700 hectares (192,000 acres) and has produced over 37.9 billion grams of silver and substantial lead, zinc, gold and copper.

A description of the rock units in the area of the RLM properties follows:

**Burke Formation (pCb)**

*Light- to greenish-gray fine-grained impure quartzite with lesser amounts of nearly white to light gray nearly pure to pure quartzite. Contains a few layers of pale-red quartzite. Beds predominantly 5 to 20 cm. thick.*

**Prichard Formation (pCp)**

*Thin- to thick-bedded medium- to dark-gray quartzose argillite and argillite banded and laminated in part; pyrite abundant and concentrated in irregular grains and crystals aligned parallel to bedding.*

**Upper Prichard Formation (pCpu)**

*Light-gray to nearly white pure to impure quartzite interbedded with laminated argillite. Quartzite beds 5 to 46 centimeters thick. Ripple marks, mud cracks, and graded bedding are common.*

**Individual quartzite units of the Prichard Formation (pCpq)**

*Nearly white to light-gray impure to pure quartzite. Individual quartzitic zones may be as much as 15 meters thick, and are discontinuous or lens-like; mapped separately where exposures permitted.*

**Gem Stocks (Km)**

*Syenite to diorite intrusives in a northeast trend.*

## **7.0 DATA VERIFICATION**

The data presented in this Report has come primarily from numerous reports archived and provided by RLM. The author has reviewed the historical data, and can verify that the information has been

presented accurately as it exists in those files and reports the best of his ability. Those reports contain the supporting documentation for the data presented for the most recent work on the Properties.

The author has visited the Properties and has relied on the visits of geologists under employment; Greg Schifrin, Bill Breen and Ted Erdman to the Red Leopard Mining, Inc. Properties.

**8.0 OTHER RELEVANT DATA AND INFORMATION**

The author is unaware of any further data or relevant information that could be considered of any practical use in this report. The author is not aware of any material fact or material charge with respect to the subject matter of the Competent Person’s Report that is not reflective in the Competent Person’s Report, the omission to disclose, which makes the Competent Person’s Report misleading.

**9.0 PROPOSED WORK PROGRAMS AND BUDGETS**

The RLM Lode Mining Claims lay within the Historic Coeur d’Alene District of Idaho. The district is historically prolific with regard to Silver, Zinc and Lead mineralization. Re-examination and evaluation of the property is necessary as a step toward economically sound development and production.

RLM’s proposed work program and budget on the mining claims over approximately the next 2 years consists of the near term exploration leading to a determination for the development of a small scale mining operation to provide cash flow and valuable grade and metallurgical information, together with a systematic exploration program. Further details on the proposed work program are as follows:

- Systematic exploration program is proposed to evaluate RLM mineral properties. Activities will include a detailed review of all existing historical data on the geology of the claim blocks and past reports and production results of nearby mines and prospects. Develop a GIS database of all the information. Exploration program will consist of implementing a rock, soil and stream sediment, and geochemical surveys. Geological mapping of the surface exposures of outcrops and mines and prospects located on the RLM claim groups. Geophysical surveys consisting of Induced Polarization (IP) and ground Magnetics and Very Low Frequency (Mag/VLF) survey. IP and Mag/VLF surveys will be along cut surveyed lines. Soil sampling will utilize the cut survey lines. Stream sediment sampling along all streams transecting the RLM claim blocks should be helpful in detecting any blind mineralized areas. Review of airborne magnetic data existing in the public domain, will add insight to existing geophysical anomalies to focus the exploration program.
- In summary, the above described Exploration Program will encompass:
  - o Geochemical sampling of known areas, in order to confirm historic results and establish a working baseline, together with an expanded sampling program over the whole property.
  - o Carry out ground based Geophysical Surveys to supplement proposed IP survey
  - o Produce a Geologic Map at a scale that represents the structural and lithologic complexities of the property.
  - o Further drill target delineation and drilling.
  - o General Prospecting and sampling and assaying of veins encountered.

• Proposed Budget:

Geophysics	\$250,000
Geochemistry	\$ 60,000
Geology	\$ 40,000
GIS	\$ 20,000
Office	\$ 20,000

## 10.0 CONCLUSIONS

*The Red Leopard Mining, Inc. Properties cover historical mines that produced silver and/or base metals and are located in districts with prolific historical production of these metals. While the properties lie in a prospective area with current and historic activity in the surrounding region, as at today's date there is insufficient data on the properties to allow any calculation of reserves or resources. The properties have had little modern day exploration and there is good potential for the delineation of resources using systematic exploration. Existing mine and related infrastructure supports the development of initial near term small scale mining operations for relatively low capital expenditure, whilst exploration and evaluation activities seek to prove up a resource base capable of supporting a larger scale development.*

*In the opinion of Minex, the proposed work programs of RLM are appropriate for the properties and the proposed budgets for these work programs are realistic.*

*Minex Exploration is not aware of any material change to the assets covered, relative to the information presented in the report, as at the date of this report.*

## 11.0 REFERENCES

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- USGS, Idaho Geologic Survey, Shoshone County Geology Map, accessed Feb. 20th, 2013.

## 12.0 DATE AND SIGNATURE PAGE

This report titled “Competent Person’s Report On Red Leopard Mining, Inc. Properties, Idaho, USA”, and dated March 5, 2013 was prepared and signed by the following author:

Dated at Sandpoint, Idaho, USA.



**Gregory Schifrin**

March 5, 2013

**Figure 5: SP Claims Map**

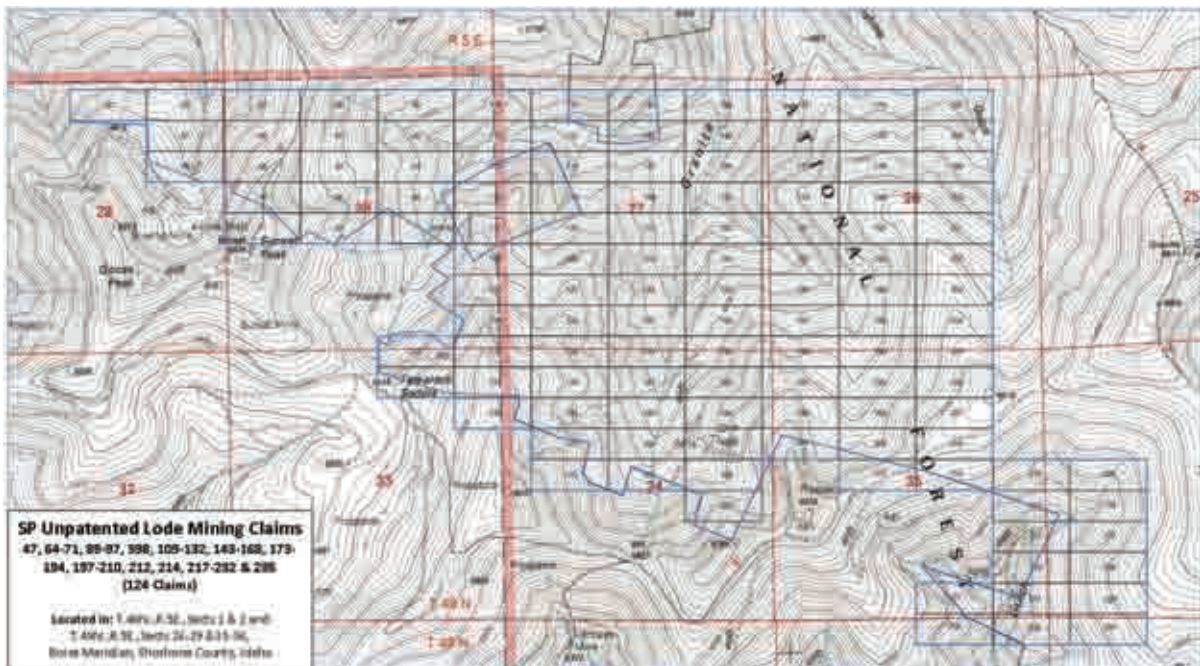


Figure 6: DP Claims 1 – 11

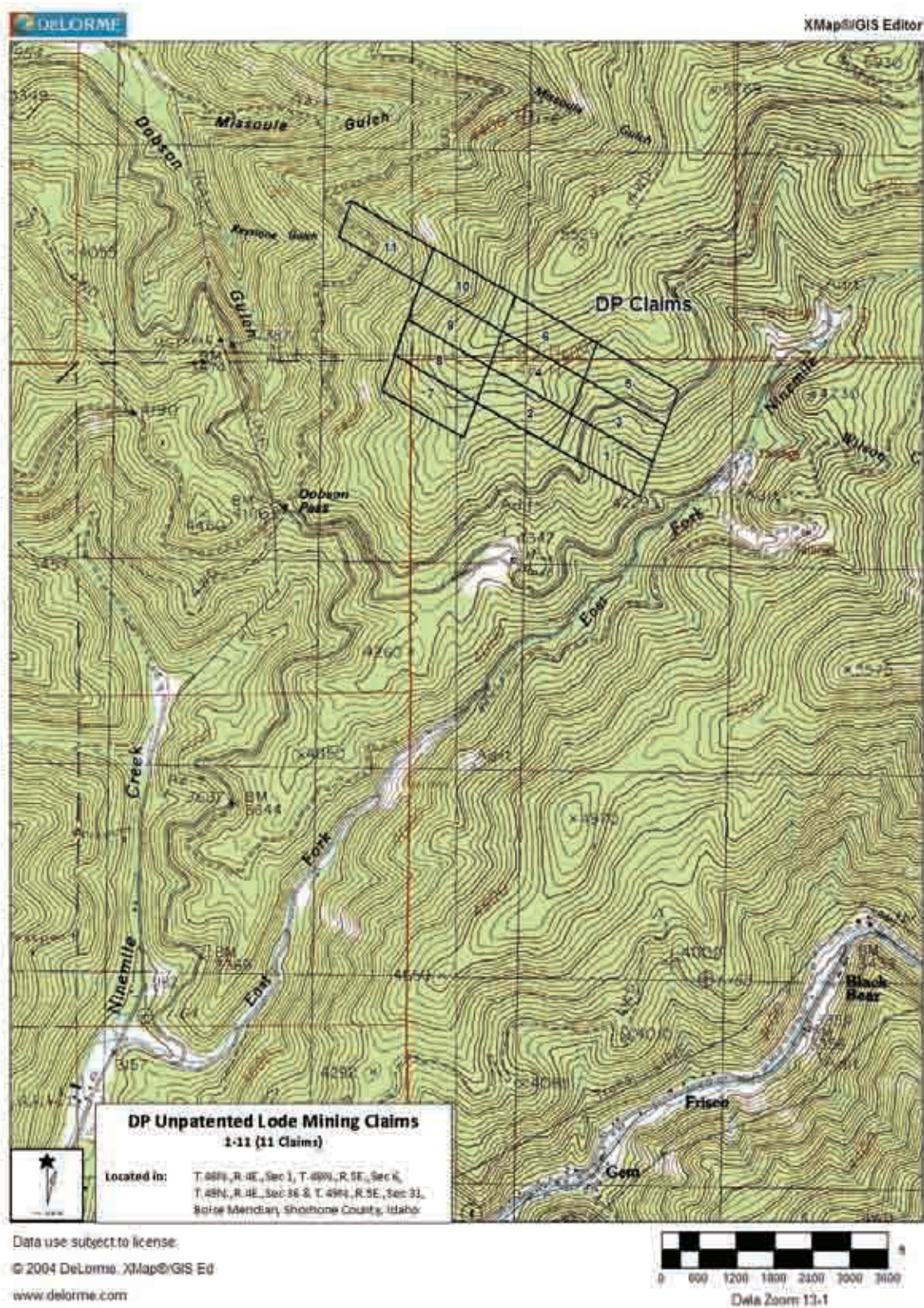


Figure 7: DP Claims 1-45 Map

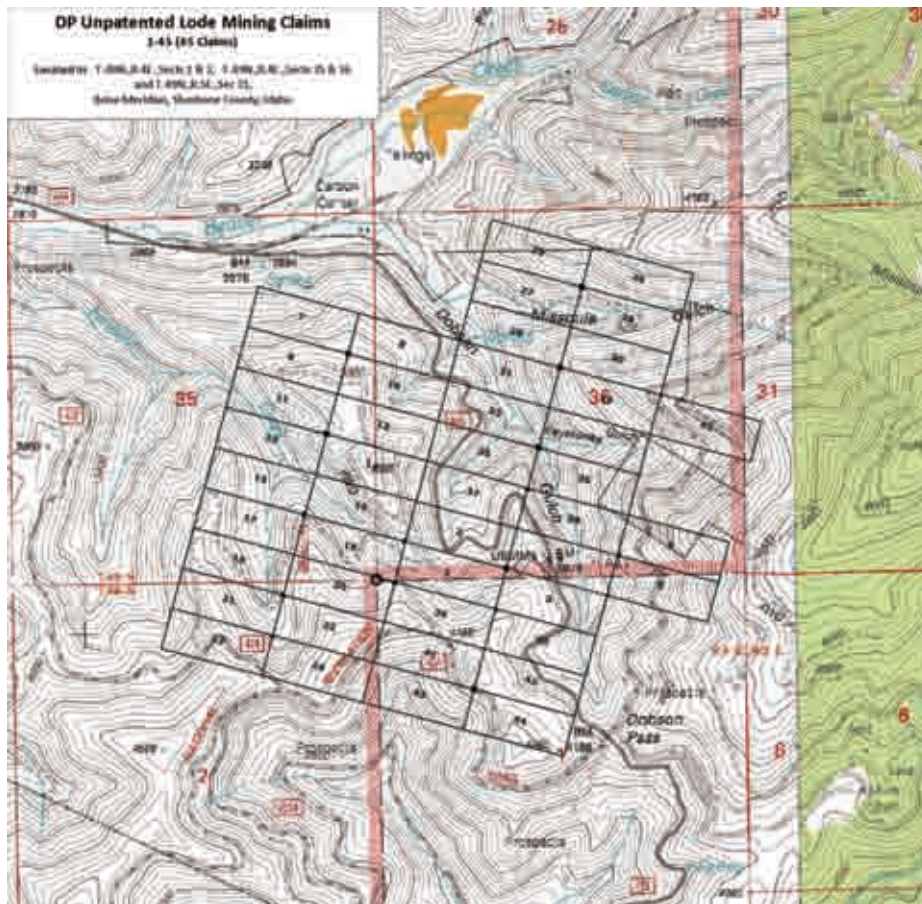
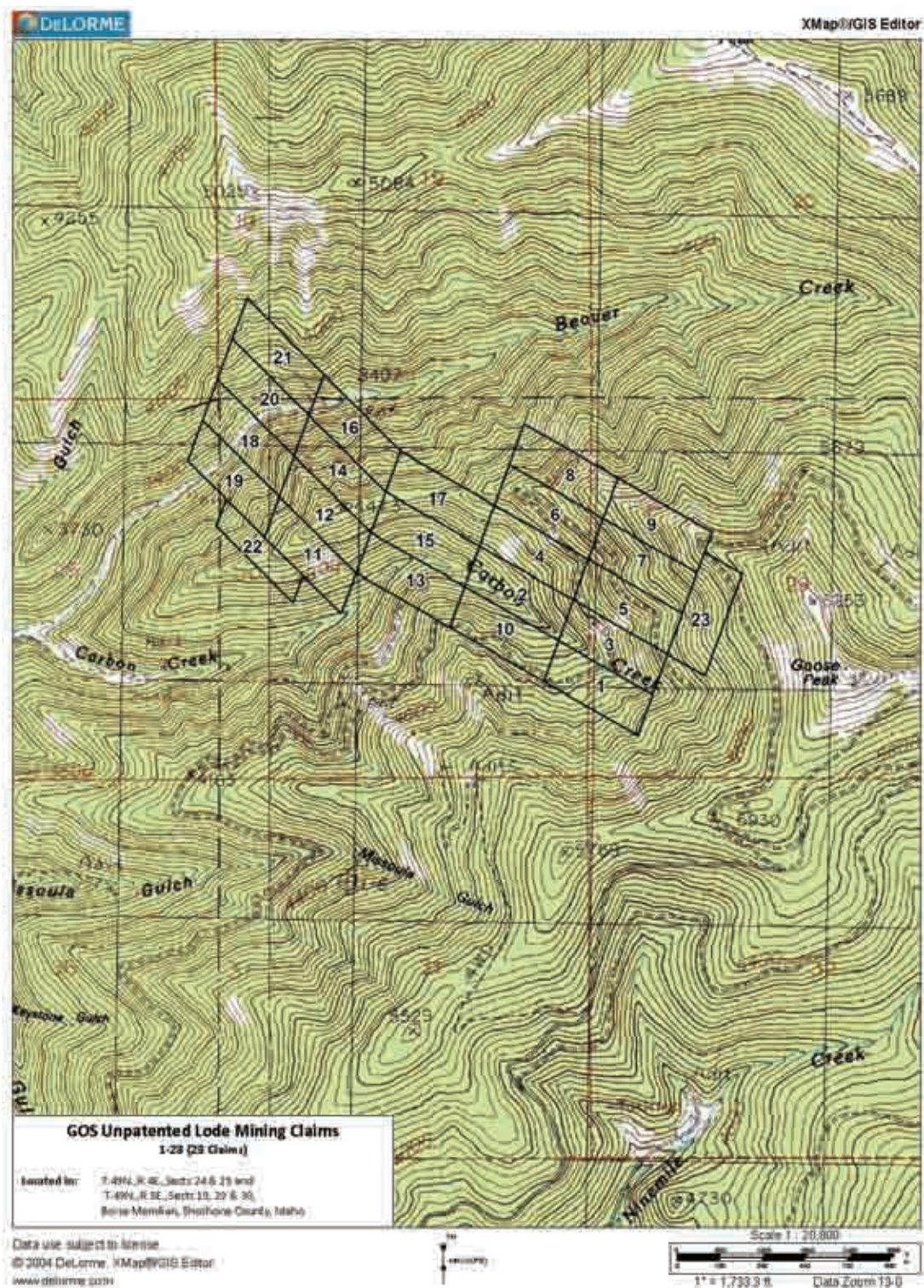


Figure 8: GOS Claims 1 – 23





### 13.0 GLOSSARY OF TERMS

Amphibolite Facies:	A degree of metamorphism at moderate to high pressures and temperatures from 450 to 700 degrees Celsius.
Basalt:	Volcanic rock (or lava) that characteristically is dark in color, contains 45% to 54% silica, and is generally rich in iron and magnesium.
Base Metals:	A non precious metal, usually referring to copper, lead and inc.
Bedrock:	The solid rock (sedimentary, igneous, or metamorphic) that underlies the unconsolidated (non-indurated) surface materials (for example, soil, sand, gravel, glacial till, etc.).
Chlorite:	A green colored hydrated aluminum-iron-magnesium silicate mineral common in metamorphic rock.
Clastic:	Said of rocks composed of particles of other rocks or minerals, including broken organic hard parts as well as rock substances of any sort, transported and deposited by wind, water, ice, or gravity.
Electromagnetic Survey:	Traverses carried out along equally spaced lines that input an electrical field to the ground.
Eluvial:	Weathered material which is at or near its point of formation.
Epigenetic:	Minerals introduced into pre-existing rocks.
Fault:	A fracture surface or zone of fractures in Earth materials along which there has been vertical and/or horizontal displacement or movement of the strata on opposite sides relative to one another.
Geochemical:	Pertains to the concentration of an element.
Geophysical:	Pertains to the physical properties of a rock mass.
Igneous:	Said of a rock or mineral that solidified from molten or partly molten material (that is from magma).
Intrusions:	A body of igneous rock which has forced itself into pre-existing rocks.
Isoclinal:	Describes a folded unit where the two adjacent limbs of the fold are parallel.
Lithological Contacts:	The contrast between different rock types.
Lithology:	The description of rocks on the basis of color, structure, mineral composition, and grain size; the physical character of a rock.
Physiography:	Physical geography.
Unconformity:	A surface of erosion or non-deposition that separates younger strata from older strata; most unconformities indicate intervals of time when former areas of the sea bottom were temporarily raised above sea level.

#### **14.0 GLOSSARY OF ABBREVIATIONS (ABBR)**

BLM:	Bureau of Land Management
CPR:	Competent Person's Report
IMC:	Idaho Mining Claim
IP:	Induced Polarization
mag/VLF:	Magnetics and Very Low Frequency
MSL:	Mean Sea Level
RLH:	Red Leopard Holdings plc
RLM:	Red Leopard Mining, Inc.
SME:	Society of Mining, Metallurgy and Exploration
USGS:	United States Geologic Survey

#### **15.0 CONVERSIONS**

1 troy ounce = 31.10 grams

1 troy ounce/ton = 34.29 grams/metric tonne

1 ton = 0.907 metric tonnes

1 hectare = 2.471 acres

1 inch = 2.54 cm

1 foot = 0.3048 meters

1 mile = 1.609 km

#### **16.0 ATTACHMENTS:**

16.1 Brief Review of the Potential of the Polaris (RLM) Claim Group, Shoshone County, Idaho

#### **Juras Report**

Confidential

Brief Review  
of the  
Potential of the Polaris Claim Group,  
Shoshone County, Idaho

for

Polaris Resources, Inc.

by

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April 16, 2011

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## **Introduction**

This report is merely a brief review and analysis of the data which is presently available in published reports on the area encompassed by and in the vicinity of the Polaris claims in Shoshone County, Idaho. A major difficulty to this research is that a major part of the Polaris claims extend beyond the USGS map of the Coeur d'Alene Mining District (Hobbs et. al., 1965). Consequently, it is difficult to speculate on the geology in that extended area.

## **Method of Study**

To facilitate understanding the setting of the Polaris claims, I manually overlaid and aligned the following maps over the Google Earth satellite images (Google Earth website):

1. the Polaris claims (Fig. 2B),
2. the Burke USGS topographic map
3. the USGS surface and 4. underground geologic maps (Plate 4- Hobbs et al., 1965), and
5. USGS Plate 5

These manipulations produced a modified GIS of these map constructions to realize the relative positions and relationships of older workings/veins in nearby mines to the Polaris claims. I accomplished this overlay by manually matching topographic features on maps at similar scales. Although the overlay match-ups are not precise, the match-ups are reasonably good for making some general observations for this review.

Just S of and bordering the Polaris claim group, the USGS underground geologic map (Plate 4, (Fig. 5) displays the workings of the Idora, Sitting Bull, Silver Tip, Sunset, Amazon, Interstate – Callahan, and Hercules Mines. The character and productivity of these veins gives some insights into what might be expected in veins on projection into the Polaris claims or for subparallel veins to the N in the Polaris claim group.

## **Regional Structural Framework**

In the area to the S of the Polaris claims (Fig. 2B), the USGS surface geologic maps (Plates 4 and 5 – Figs. 1 and 2) indicates that the EW-breadth of the claims extends over two large N trending synclines, separated by the N trending Burke or Hercules anticline. Bedding defines these major folds on those maps. All three folds plunge S-ward, though I am uncertain what anticlinal fold (on the N) interfered to produce the S-plunge. Major Northerly-striking faults dissect these folds (Fig. 3) and generally drop their eastern blocks to juxtapose stratigraphically higher units to the E. The syncline to the W of the Burke anticline is of the most interest because it hosts several mines immediately to the S of the Polaris claims; whereas there are very scant workings to the E of the Burke anticline in the Granite Peak syncline. There is no name for the western syncline on any of the maps that I possess. To the S of the Polaris claims (on the USGS map – Fig. 1), a northern lobe of the Gem stocks (Km) intrudes along a NNE trend across the center/trough of the western syncline, and dikes from the stock occur in several workings. This general regional structural framework extends N-ward into the Polaris claim group, and the map by Umpleby and Jones (Fig. 4) displays another Gem stock (m) on the Polaris claims. As the Gem stocks are younger than the major veining, the major veins end on strike at the stock, and the stock altered the mineralogy of the adjacent rocks and veins in contact metamorphism.



Figure 1

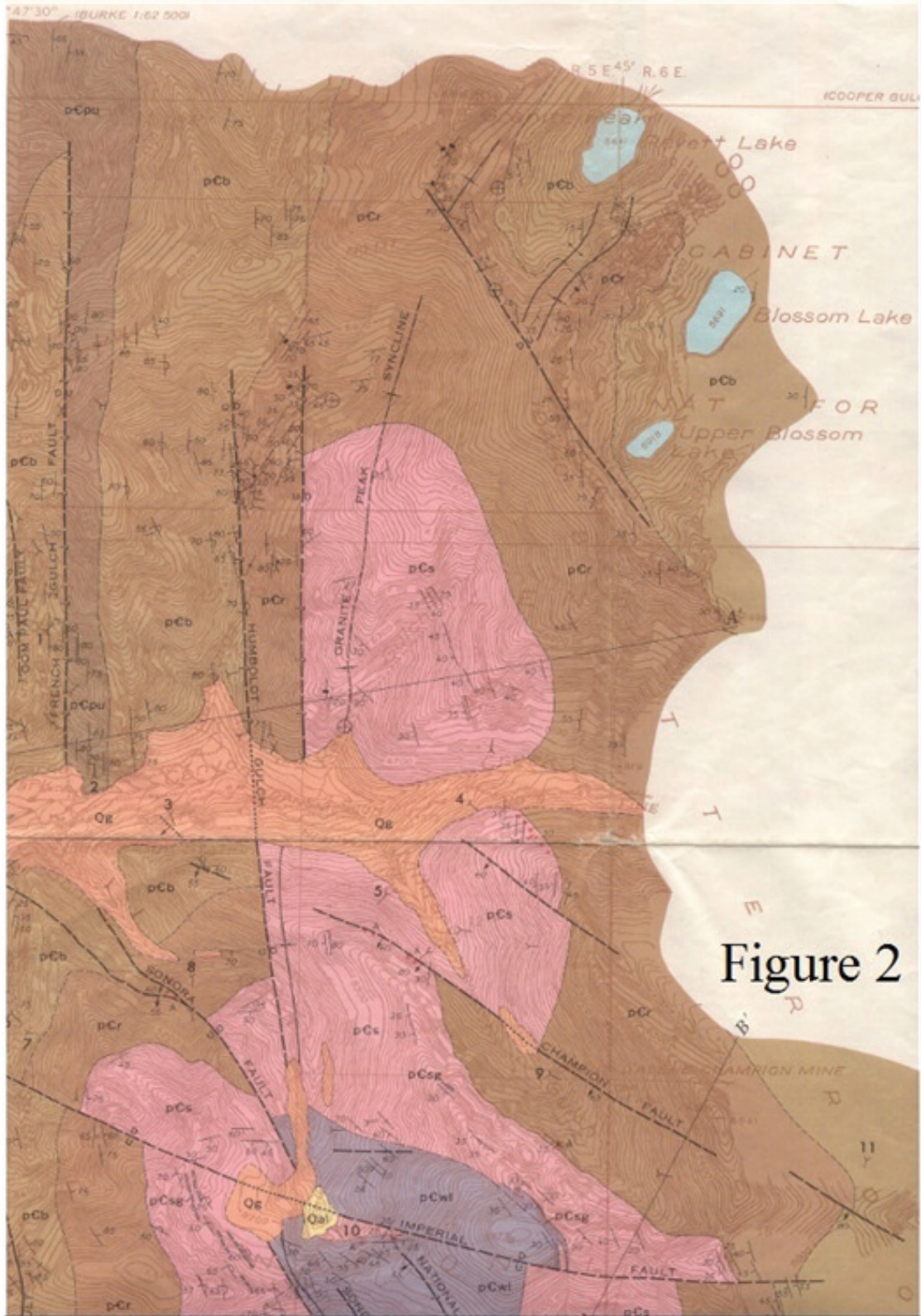
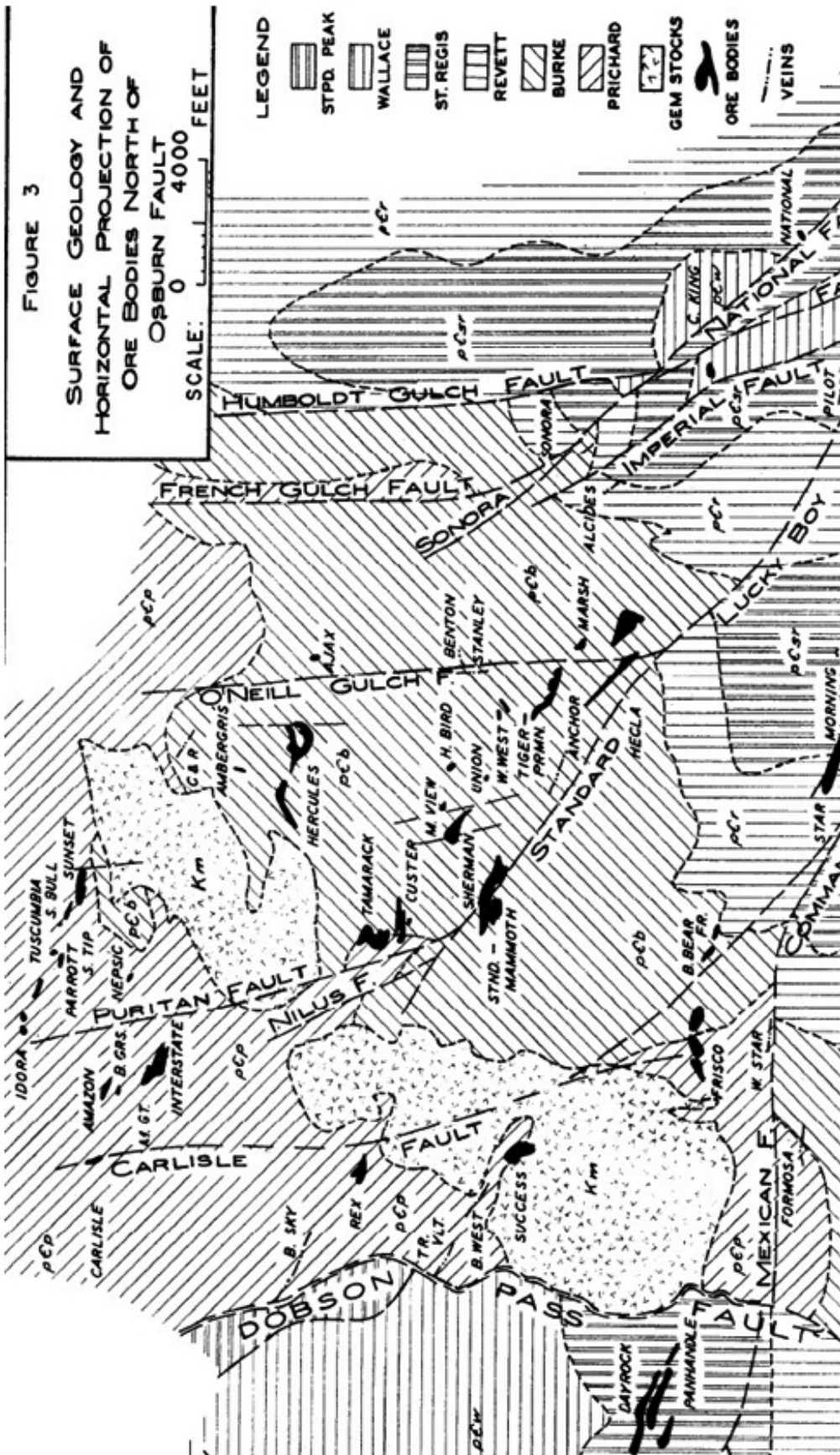


Figure 2



Figure 2B





To the S of the Polaris claims, the surface rocks in the trough of the broad, N trending western syncline (Fig. 1 and 3) are Burke; whereas, older rocks (Upper Prichard and Prichard<sup>1</sup>) extend outward to the limbs of the fold. This stratigraphic setting is very important to the veins/mines that lie in the western syncline. The geometry of this syncline determines the expectations of the rocks on vein projections, vein rakes<sup>2</sup>, and possibly some ore shoot rakes of the veins in the local mines. In contrast, because the western syncline plunges S-ward, the Burke rocks give way N-ward to Upper Prichard and Prichard into the Polaris claims.

### **Rock Units**

I provide the descriptions of the rock units in the text of Plate 4 (USGS):

#### *Burke Formation (pCb)*

*Light- to greenish-gray fine-grained impure quartzite with lesser amounts of nearly white to lightgray nearly pure to pure quartzite. Contains a few layers of pale-red quartzite. Beds predominantly 2 to 8 in. thick.*

#### *Prichard Formation (pCp)*

*Thin- to thick-bedded medium – to dark-gray quartzose argillite and argillite banded and laminated in part; pyrite abundant and concentrated in irregular grains and crystals aligned parallel to bedding.*

#### *Upper Prichard Formation (pCpu)*

*Light-gray to nearly white pure to impure quartzite interbedded with laminated argillite. Quartzite beds 2 to 18 in. thick. Ripple marks, mud cracks, and graded bedding are common.*

#### *Individual quartzite units (pCpq)*

*Nearly white to light-gray impure to pure quartzite. Individual quartzitic zones may be as much as 50 ft thick, and are discontinuous or lens-like; mapped separately where exposures permitted.*

The presence of quartzites in the Burke, Upper Prichard and individual units (pCpq) lower in the Prichard indicate their favorability to host thick veining; whereas, most of the Prichard argillites would probably not be favorable for hosting major veining.

### **Veins on USGS Maps**

Without detailed vein maps of the mine workings, it is difficult to understand the number or character/disposition of the veins in the mines to the S of the Polaris claims; consequently, I shall be speculating about the veining on the USGS maps as much as possible where reports are unavailable. As the USGS maps do not cover most of the Polaris claim group, the speculation will be that Polaris claim group also may contain veins that are subparallel to the veins in the mines to the S, though these veins may be weaker, in less favorable rocks of the Prichard, or have been inadequately explored to determine their character. There are very few adits, however, on the USGS topographic map covering the most of the Polaris claims to the N of previous mine workings.

---

<sup>1</sup> Particularly including the upper quartzitic units (pCpu – each up to 50 feet thick) of the Prichard.

<sup>2</sup> Vein rake = the line of intersection of the vein with the rock unit layering.



Figure 4

The USGS surface map displays three major WNW-striking vein groups just S of or on the S-edge of the Polaris claim group, including the veins in the Interstate-Callahan (on the S), Nipsic (central) and the Sunset (to the N) mines (Fig. 4B). The mines that contain these veins probably followed the veins SE-ward into the Gem stock but not necessarily mining the entire strike length to the stock on all levels. The general strike of most of these veins is about N60-70W (Bluebird type – Fig. 6 and 7); consequently, they are Bluebird type veins. As these veins lie on the W-limb of the syncline, their vein rakes plunge E-ward, as well as probably some of their ore shoot rakes. The Polaris claims cover the NW- and SE-strike projections of the Sunset/Silvertip vein and NW- strike projection of the Nipsic vein.

Most of the Interstate mine is in Prichard rocks (Fig. 1 and 5) below the Upper Prichard; whereas, the surface trace of the Nipsic mine and the SE-portion of the surface trace of the Sunset vein (in the Sunset working) are in the Upper Prichard. The SE end of the Sunset workings enters the Gem stock, but an adit (USGS No. 21 – Fig. 1) on the SE-end of the Gem stock appears to have found the SE-projection of the Sunset vein (marked as “A” for mineralized on the USGS map) in rocks that are stratigraphically below the Upper Prichard. This site is on the Polaris claims and definitely needs reconnaissance. The Sunset vein would be in the Upper Prichard to the SE in the Polaris claims on the E limb of the syncline (with a NW vein rake), but not with much backs in that unit.

The Interstate-Callahan veins appear to project to the WNW-striking vein in the Hercules mine to the SE on the other side of the Gem Stock<sup>3</sup>, though there is no indication of more than one WNW- striking vein in the Hercules mine, as yet; consequently, something may not be right with that correlation. All of the Hercules workings on the USGS map (Fig. 5) are in the Burke and Upper Prichard but would be in less favorable rocks at depth.

---

<sup>3</sup> The Hercules vein is somewhat on strike projection of the Champion fault/vein in Plate 5 (USGS No. 9 – Fig. 2) but the offsets of the Northerly strike faults negates that correlation. It is also unclear whether anyone has located the Hercules vein to the SE of the Hercules mine.



Figure 4B



Figure 5

FIGURE 6 - Characteristics of ore shoots of mines in the mineral belts of the Coeur d'Alene district, Idaho (data as of December 1958)

Mine	Ore shoot							Remarks	
	Name	Strike	Dip	Strike length (feet)	Depth range (altitude, in feet)		Formation		Mineralogy and paragenesis (major minerals)
					Top	Bottom			
	Sunset belt								
<b>Toughnut</b> .....		N. 55° W.....	South.....	150.....	4, 575	4, 625	Prichard.....	Silicates, carbonate, magnetite, pyrite, pyrrhoite, sphalerite, and galena.	G. M. Crosby (oral communication, 1958).
<b>Mora</b> .....		N. 65° W.....	75° S.....	300.....	5, 050	4, 670	do.....	Silicates, siderite, specular hematite, magnetite, pyrite, pyrrhoite, sphalerite, chalcopyrite, and galena, some chlorite.	Umpleby and Jones (1923, p. 83); A. B. Griggs (1952).
<b>Tusoumbia</b> .....		N. 80° E.....	70° S.....	180.....	5, 070	4, 950	do.....	do.....	No sphalerite production. G. M. Crosby (oral communication, 1968), Griggs (1952).
<b>Parrott</b> .....		N. 65° W.....	75° S.....	220.....	5, 450	5, 300	do.....	do.....	G. M. Crosby (oral communication, 1958).
<b>Silver Tip</b> .....	North vein.....	N. 75° W.....	85° S.....	300.....	500	500	do.....	do.....	South vein is extension of Sunset lease South vein.
	South vein.....	N. 78° W.....	South.....	300.....	500	500	do.....	do.....	G. M. Crosby (oral communication, 1958).
<b>Sunset lease</b> .....	North vein.....	N. 60° W.....	80° S.....	750.....	6, 200	4, 550	Prichard, Burke.....	do.....	Umpleby and Jones (1923, p. 83) recognized the silicates, except grunerite, and classified them as high temperature veins instead of contact deposits. G. M. Crosby (oral communication, 1958).
	South vein.....	N. 60° W.....	80° S.....	750.....	5, 875	5, 400	do.....	do.....	

FIGURE 7 - Characteristics of ore shoots of mines in the mineral belts of the Coeur d'Alene district, Idaho (data as of December 1958)

Mine	Ore shoot							Remarks	
	Name	Strike	Dip	Strike length (feet)	Depth range (altitude, in feet)		Formation		
					Top	Bottom			
<b>Carlisle-Hercules belt</b>									
Carlisle	Carlisle	N. 20° W	75° W	200	3,475	3,090	Pritchard	Ankerite, pyrite, pyrrhotite, sphalerite, and galena.	Griggs (1952). Apparently no silicates or magnetite, but sampling is inadequate.
Amazon	Manhattan	N. 65° W	70° S	700	4,880	3,320	do	Silicates, siderite, magnetite, pyrite, pyrrhotite, sphalerite, and galena.	Griggs (1952). Sampling is inadequate.
Blue Grouse Mountain Gost.	Blue Grouse Mountain Gost.	N. 70° W	80° S	230	4,440	4,240	do	do	Griggs (1952). Sampling is inadequate.
Interstate-Callahan	Interstate	W.-N. 40° W.	75° N	1,700	5,320	3,920	do	Silicates, siderite, ankerite, magnetite, pyrite, pyrrhotite, sphalerite, chalcocopyrite, and galena.	Ransome and Calkins (1936); Umphey and Jones (1923); Spurr (1924); McKinstry and Svendsen (1942); Griggs (1952). The writer studied material only from the east end of the Interstate vein.
Hercules	Callahan West.			400			do	Probably the same as Interstate.	
	Callahan East.	N. 60° W	85° S	250	5,500	3,400	do	do	
	South.	N. 70° W	85° S	200	5,110	4,810	Burke	Silicates, siderite, hematite, magnetite, pyrite, pyrrhotite, sphalerite, chalcocopyrite, and galena. (Minor minerals include arsenopyrite, tetrahedrite, marcasite, and bournonite.)	Stringham and others (1953); Griggs (1952).
	Hercules	N. 65° W	70° S	1,500	6,075	2,650	Pritchard	do	
Ambergris	Rambler	W.-S. 45° W.	60°-80° S	400	Being explored (1958).	explored	Pritchard	do	
	Ambergris	N. 65° W	70° S	200+	4,745	3,900	Burke, Pritchard	White quartz, ankerite, sphalerite, and galena.	Griggs (1952). The vein may belong to the first Tertiary period of mineralization.
Ajax	Ajax	West	Steep (south).	200±	5,800(?)	5,100(?)	do		



## Vein Types

Most likely, both BluebirdNW type veins and BluebirdWNW type veins occur in the mines in this area. Commonly, the N40-60W-striking BluebirdNW type veins have quartz gangue and are older than the N70-80W-striking BluebirdWNW type veins, which have siderite/pyrite gangue<sup>4</sup>. Note these two strikes of veins just S of the “No. 9” of the Interstate workings (Fig. 1). In my guesstimate, the sideritic BluebirdWNW type veins probably are the source veins for the sphalerite (zinc) mineralization, but Umpleby and Jones describe the ore in the Interstate as predominantly quartz.

The transverse and EW-striking Sunshine type veins are likely to have quartz gangue. An important vein type to look for in this area is very young NS-striking stringer veins (related to a young NS trending folding) that are rich in galena.

## Interstate Mine

According to the Engineering and Mining Journal<sup>5</sup>, the Interstate was the largest zinc mine in Idaho at one time (in particular 1915). According to Umpleby and Jones (1923):

<i>Year</i>	<i>Production: (gross value of the ore)</i>
1913	\$264,644
1914	\$828,961
1915	\$4,540,671
1916	\$3,983,522
1920 <sup>6</sup>	\$1,876,974

Umpleby and Jones (1923) reported that in 1916, the mine was milling 25% Zn, 6% Pb, and 2 opt Ag (= about \$700/ton ore at present metal prices)<sup>7</sup>, but Umpleby and Jones reported this as hand sorted grade.

### According to Umpleby and Jones:

The “ waste fill “ system is used in mining. A floor of 2-inch plank is laid on top of the waste, and the ore as it is shot down is hand sorted and wheeled to the chutes. The waste is obtained from the vein and from waste raises driven into the walls.

.....

Both ore and waste become thickly coated with dust in the stopes, and it is sometimes necessary to wash off this dust in order to separate the high-grade shipping ore from the mill feed and waste. The shipping ore, which is sorted by hand, makes up 10 to 15 per cent of the mine output. It assays about 50 per cent of zinc, and the mill feed, after hand sorting, shows 25 per cent of zinc, 6 per cent of lead, and 2 ounces of silver<sup>8</sup> to the ton.

---

4 This breakdown in veining is somewhat new and was very important in Silver Belt ore determinations, in which neither vein type was a source of tetrahedrite. This is the first project in which I have had to deal with the differences in the base metal content in these two vein types, since making the distinctions.

5 Volume 98, Issues 1-13?)

6 Production decreased gradually during 1917, 1918, and 1920.

7 Umpleby and Jones reported that the principal gangue in the ore was quartz (BluebirdNW type).

8 This amount of silver seems too low for the silver content of galena in this area, and possibly indicates inefficient silver recovery, unless this grade is an assay.

Figure 1 displays several WNW to NW-striking veins in the Interstate-Callahan mine area. Umpleby and Jones, however, reported four veins (Interstate, Callahan, Blue Grouse, and Manhattan<sup>9</sup> from S to N) in a belt 800 feet wide in the workings, all of which have WNW-strikes with nearly vertical dips<sup>10</sup>. According to Umpleby and Jones (1923), the main Interstate vein did not crop out<sup>11</sup> and driving the No. 4 tunnel to the Callahan vein found the Interstate vein along with its immense ore shoot of high-grade zinc ore. According to Umpleby and Jones, the major stope on the Interstate vein is at least 1200 feet long on one level, and the ore ranges in thickness from 4 to 40 feet (and probably averages 12 feet). At the time that Umpleby and Jones visited, the No. 6 Tunnel was the deepest at 1600 feet.

#### **According to Umpleby and Jones:**

*“The Interstate vein in general is well defined, but veinlets (transverse hybridizing veins) lead off for a short distance from the main ore body into the walls.*

.....

*The ore of the Interstate vein consists dominantly of clean brown sphalerite of medium grain which breaks in slabs very similar to the blocky slates<sup>12</sup>*

.....

*Galena is much more abundant toward the ends of the ore shoot and in veinlets leading into the wall rocks (transverse hybridizing veins) than in the main ore shoot. Pyrite occurs in places in the vein and in the wall rocks but is nowhere abundant<sup>13</sup>*

*The galena occurs as veinlets (transverse hybridizing veins) in sphalerite and was therefore deposited in the vein after the sphalerite. A remarkable feature of the Interstate vein is the small amount of gangue minerals; of these quartz predominates, and it is most abundant at the ends of the ore shoots (where the hybridizing transverse veins lie). A little siderite is commonly present, and in places small seams of calcite and a green mineral, probably chlorite, occur with the quartz. The quartz (BluebirdNW type vein?) is of an earlier generation than the ore, for it is replaced by sphalerite and galena.”*

I estimate that the two pCpq quartzites to the W of the mine would lie at a depth of about 3000+ feet under the apex of the vein in the Interstate mine, and it is unlikely that the Interstate mine reached that depth. It is also unclear whether the Interstate mined its veining in the Upper Prichard at or near surface (on SE), as the workings on the USGS map (Fig. 5) do not show the vein in the Upper Prichard at the surface, though below the Upper Prichard (at surface), the vein ends SE ward at the Gem stock at depth at some levels.

---

9 According to Umpleby and Jones, only the Interstate vein was sufficiently exploited.

10 This indicates that the Interstate veins are on the S limb of a Bluebird type anticline.

11 The implications of a blind vein to the surface is very important the whole Polaris claim group. Are there more blind veins to the surface?

12 As all of the underground workings of the Interstate mine are in the Prichard Formation (below the Upper Prichard), the Prichard host rocks here must be somewhat more favorable for veining and production.

Reconnaissance must determine why the Interstate vein is so thick in Prichard argillite; that is, if it is argillite, but this statement about “Blocky slates” suggests that they are not argillites but blocky siltites, which is a major host for major veining in the Galena mine.

13 Pyrite increases in abundance at depth in Bluebird type veins, and that decreases the receptivity of Bluebird type veins for hybridization. According to Garth Crosby (1956), stoping extended to the 1000 Level, below which the iron content of the vein increased and the galena content decreased to rule out stoping on the 1200 level.

According to Umpleby and Jones, the contact between the slate and monzonite in No. 4 tunnel is a fault contact<sup>14</sup>, and though the slates are greatly contorted near the veins, they are not metamorphosed, suggesting the fault juxtaposed unmetamorphosed veined rock with the Gemstock. This will be very important in finding/correlating offset veins on the other side of the Gemstock.

### Other Veins in the Interstate Mine

#### According to Umpleby and Jones:

*“The Callahan vein which has a short, pointed ore crest near the surface, expanded to a length of 145 feet on No. 3 level. On No. 4 level the Callahan vein has been explored in June, 1916, for 200 feet only, but it shows strongly at each end of the drift and is from 4 to 10 feet wide. A shaft was being sunk on the vein from this level. On No. 6 level it is only slightly developed. The Blue Grouse and Manhattan veins at the time of visit had only been partly developed on No. 6 level, but it is reported that some ore had been shipped from shallow workings on the Manhattan vein.*

.....

*The Callahan vein contains a much higher proportion of lead to zinc than the Interstate vein, but at the time of visit no stoping was being done on the lower levels and the tenor of the ore was not learned. From the upper workings many carloads of ore were shipped whose average content was 70 per cent of lead and 40 ounces of silver to the ton (hand sorted?). The Manhattan and Blue Grouse veins on No. 6 level are composed principally of clean brown sphalerite, but some lead ore was shipped from the upper part of the Manhattan vein.”*

The greater abundance of galena-silver in these veins suggests that the Nimsic and Sunset veins on the Polaris claims could contain comparable ore.

### Hercules Mine

Garth Crosby provided the orientation of the vein and position of the Hercules mine (USGS No. 9 on Fig 1; and Fig. 5) with respect to the western N-trending syncline. According to Crosby:

*A large part of the (Hercules) mine below the No. 5 adit west of the shaft exposes flat Prichard rocks. To the east of the deposit and well exposed in the crosscuts of No. 3, 4, and 5 adits is the corresponding anticline similar in character to the syncline but displaying a sharp crest. This structure has been named the Hercules anticline (Burke anticline).*

.....

*The Burke-Prichard contact is thought to be near the shaft at the No. 5 adit where it strikes N 20° E and dips west about 45°. The average strike of the vein across the main part of the mine is N 70 W, and the average dip is 75° S.*

*In contrast to the Interstate-Callahan mine, Garth Crosby (1956) reported: “Incomplete records show that from 1912 to 1925 the (Hercules) mine produced about 2,500,000 tons of silver-lead ore averaging 7.7 oz of silver per ton, 9.4 percent lead<sup>15</sup>, an estimated two percent zinc, 0.3 percent copper and 20 percent iron<sup>16</sup>” for a total of \$510/ton at modest present day metal prices, not counting iron. Certainly, something drastically different has taken place in the Hercules mine area to modify the primary mineralogy of the Bluebird type veins. It is unknown whether this grade is a result of hand sorting.*

14 According to Umpleby and Jones: *“There is little gouge in the vein and no evidence, except for the fault along the monzonite dike, previously described, of movement subsequent to the deposition of the ores; consequently the walls stand well, and the extraction of the ore does not require the immense consumption of timbers necessary in most of the other Coeur d’Alene mines.”* In other words, the Interstate appears to be merely an extensional vein, not a fault vein, though it has to be the extensional part of a vein shear.

15 The ratio of silver to lead Ag (opt)/Pb % ratio is 0.82 in the Hercules mine, indicating that the depth range for tetrahedrite is somewhat close at depth, possibly attaining tetrahedrite within 5000 feet down. The increase in tetrahedrite at depth in the Star and Gold Hunter mines is notable. At that depth, however, the prospect for rocks other than mostly argillite is not encouraging. Fryklund lists tetrahedrite in the Hercules mine in Figure 7.

16 Crosby reported a gross value of \$80,000,000 in production at 5% lead. Using the Ag (opt)/Pb % ratio, the silver content of the lead ore would be 4.1 opt. The present value of the Hercules ore would be \$264/ton using \$35/oz Ag and \$1.20/lb lead.

Not having seen the Hercules vein nor its photographs, it is unclear how the galena mineralization formed in the Hercules vein. In the mines that I have worked in the Coeur d'Alene Mining District, quartz-galena mineralization does not associate with siderite-pyrite-sphalerite mineralization in the Bluebird type veins, unless it is the result of a younger hybridization<sup>17</sup>&<sup>18</sup>. I would tend to believe that transverse or Sunshine type veins in the Hercules mine hybridized the WNW-striking Hercules vein (Bluebird type vein) to contain the silver-lead ore (as suggested at the Interstate), or the Hercules mine merely mined a vein that was not a Bluebird type vein. One of the main veins on the USGS underground map (Fig. 5) is an EW-striking vein (possibly a Sunshine type vein<sup>19</sup>), but Garth Crosby explained this strike as a result of folding of the main Hercules vein, but states that the rock units are not similarly folded. In contrast, Fryklund (Fig. 7) lists the Rambler vein as W to NE-striking, but Crosby explained that the folding of the Hercules vein was the reason for naming that portion of the vein as "the Rambler vein". I'd have to see the underground maps to make a judgment. If the Rambler vein is a discretely different vein that is the source of the lead-silver, its unfound projection E-ward would intersect the the Nimsic and Sunset veins higher stratigraphically and possibly of interest independently.

Crosby also reported that contact metamorphism by the Gem stocks altered the siderite-pyrite gangue to grunerite (hornblende) and pyrrhotite<sup>20</sup> generally in the W-part of the mine at depth (Fig. 8). The long section of the Hercules mine (Fig. 8) displays the Gem stock to the W with a steep contact, with the pyrite/pyrrhotite interface, where generally the siderite changed to grunerite as well, as reported by Crosby. Contact metamorphism also garnetized the rocks<sup>21</sup>. That long section also shows that the Hercules ore shoot is not related to its vein rake.

### **Ore Potential**

The Nimsic vein strikes into and should apex on the Polaris claims, where it could potentially present a mineable situation – a ramp mining scenario, provided it bears sphalerite for a comparable extent and thickness and also contains some galena. There, the Nimsic vein should lie within the 50 ft thick, 30-40 E-dipping Prichard quartzites (pCpq) at an moderately E-plunging vein rake.

The Polaris claims also encompass the Idora and Parrot workings (No. 10, USGS map – Fig. 1 and 5), which probably encountered a NE- portion of the Sunset vein in Prichard rocks. The Mines Register (1916) reported that the Idora has 8000 feet of underground working to a depth of 600 feet, including a 5,000 ft tunnel. The main quartz vein is 3.5 ft with average assays of 50% Pb, 25 opt Ag, and 8% Zn (most likely sorted ore).

A similar ore shoot at the intersection of the pCpq quartzite units should occur in the E-extent of the Sunset vein in the Polaris claims (below the Idora workings – Fig.\_5). Umpleby and Jones (1923) reported several lodes on the Idora and Tuscumbia groups of claims:

*“Two lodes in the upper of two tunnels on the Idora group have been worked intermittently for a number of years and afforded a small production. They are inclosed in gray and blue Prichard slate, which dips east at low angles. The deposits are of the normal metasomatic fissure type and from 3 to 4 feet in width. The maximum length of stopes is about 300 feet on ore of medium to coarse-grain consisting of galena, sphalerite, pyrite, and sparse chalcopyrite in a quartz-siderite gangue. Pyrite is abundant locally. The ore as mined contains from 5 to 6 per cent each of lead and zinc and a little less than 3 ounces of silver to the ton (\$397/ton at today's average metal prices).”*

---

17 There is only one vein group that I know of in the district that contained such a primary mineral association – the Jersey-Barr veins (N 75E-striking Jersey type) of the Bunker Hill Mine. The sphalerite in this Jersey type mineralization, however, is minor and is dark red brown compared to the yellow to yellow brown sphalerite in the Bluebird type veins.

18 The problem of whether the Bluebird type veins originally contained lead in the Sunset and Carlisle/Hercules belts also mirrors a similar problem with the presently-mined main vein in the Gold Hunter mine. That vein has a predominant siderite gangue overprinted by galena.

19 The EW -striking Sunshine type veins in the Alice mine (this part of the district) are quartz- galena.

20 Those veins in Figures 6 and 7 that reveal these mineralogies suggest that they are BluebirdWNW type veins.

21 Any veins at the surface in the Polaris claim group may exhibit similar mineralogies above and on trend of the Gem stocks.

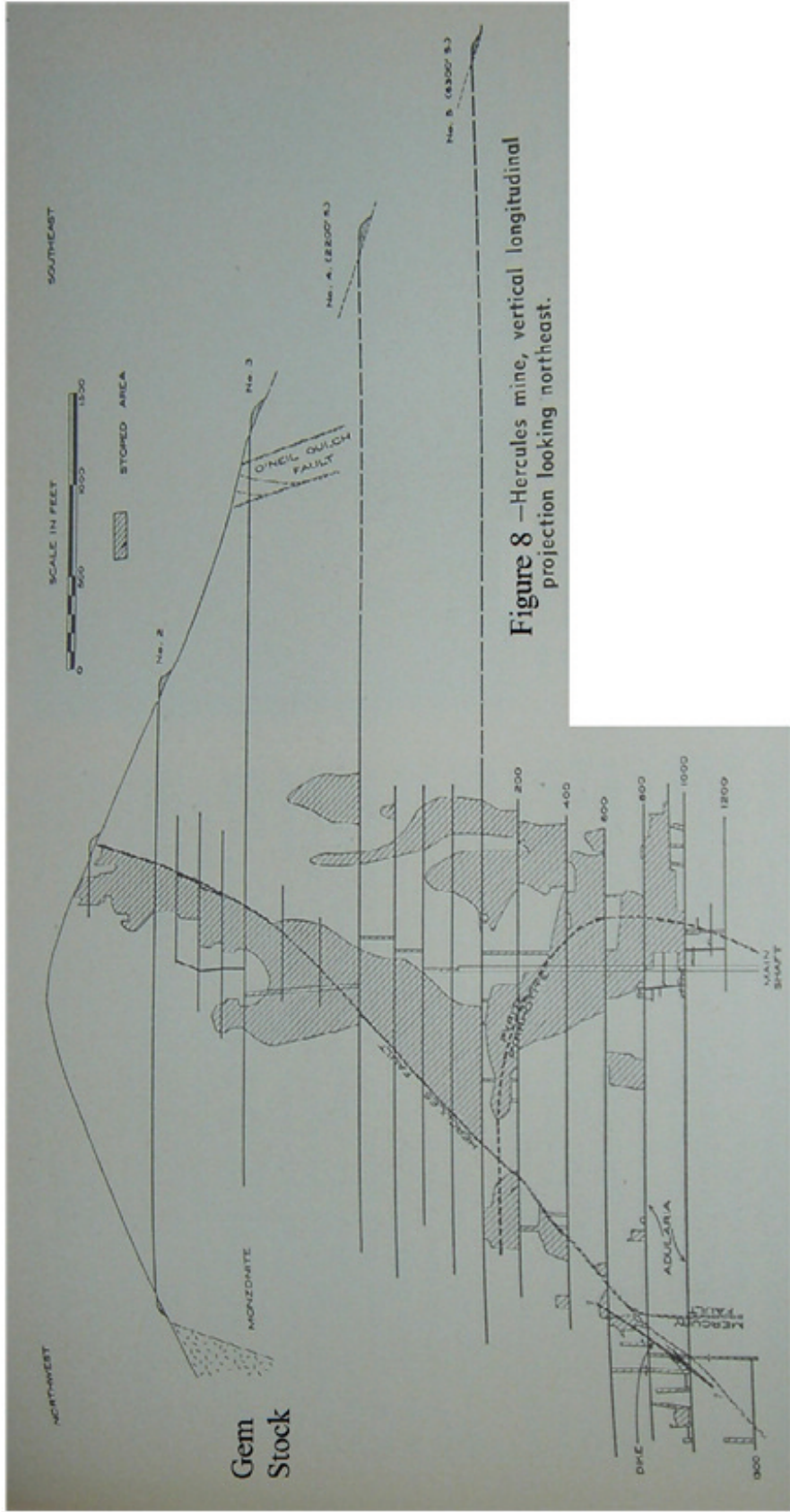


Figure 8—Hercules mine, vertical longitudinal projection looking northeast.

The intersection of the Sunset vein with the pCpq quartzite units in the Prichard would occur several hundred feet below the Parrot workings. If there is another near-surface ore shoot in the Sunset vein in the Upper Prichard (see (Fig. 1 and 5) in the Parrot workings, it could rake ESE-ward (with its vein rake) under the Sunset mine workings (Hecla), but the Parrot workings/owner would own the apex of the ore shoot, a portion of which may or may not have already been mined. It would be a legal battle to claim it.

The potential of the E-part of the Polaris claims that cover portions of Plate 5 of the USGS geologic map (Fig. 2 and 2B) is more sketchy. Widely-scattered, scant adits do not display veins at their portals on the USGS map. A NW-striking vein (on the SE at Plate 5, USGS No. 4, Mammoth workings), however, somewhat projects to the Polaris claims in Burke to Revett rocks. A broad reconnaissance would be necessary to access this area and confirm this vein's projection and potential in the Polaris claims. The Mammoth workings reported copper, silver and lead mineralization (some Snowstorm type mineralization)<sup>22</sup>.

The N-part of the Polaris claims covers the upper part of the S-slope of Prichard Creek/Gulch, where the USGS topographic map display very few widely-spaced adits, and a reconnaissance would be necessary to find any significant mineralization.

### **Recommendations:**

Hart Baitis lists the following files in his Bunker Hill database<sup>23</sup>:

1. Idora
2. Hercules mine
3. Interstate – Callahan
4. C&R, Phoenix and St. James properties
5. Sunset Minerals Inc.

Some of these files could be very important to Polaris, and I suggest seeking copies from Hart.

I suggest that Polaris have a talk with Hecla about a possible JV exploration project or lease on the Interstate – Hercules – Sunset area, subject to viewing their data on these areas. Viewing their data could confirm the interpretations in this report and present other ore opportunities, especially unexplored portions of the other three veins in the Interstate mine. I am less inclined to recommend to acquire the Hercules mine area because Day Mines re-explored it and produced from available ore in the 1950's, but just looking at Hecla's data on it would be useful.

I also recommend a broad base reconnaissance of the Polaris claims, as well as the mines that I have mentioned in this report. It is important to acquire/judge field data according to the new standards, that I have set in the district, to allow new well-informed interpretations about the potential of the area. For instance, simply recording Prichard rocks is inadequate if quartzites exist locally. Also, identifying zones of minor transverse stringer veins (with galena or even tetrahedrite) could have a great impact on the lead-silver ore shoots in the Bluebird type veins.

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22 According to the Nevgold Website: "*The historic Mammoth, Champion, Military Gulch and Sonora Gulch copper-silver prospects occur within the Copper King property limits. The Military Gulch area was sampled, mapped and drilled (two holes) for stratabound copper-silver in 1980 and 1981 by U.S. Borax. Borax's work proved the presence of bedded copper-silver mineralization immediately down dip from mineralization exposed in Military Gulch. This bedded copper-silver mineralization projects at depth onto the Nevgold claims to the north and west; and provides a concealed target concept that has never been tested. The historic Copper King # 1 and #2 mines are located near the south boundary of the property on adjacent patented claims. Vein-type copper-silver occurrences at the Mammoth, Champion and Copper King workings were interpreted to be favorable indicators of leakage from subjacent bedded mineralization,*" but I proffer the opposite case, that the disseminated mineralization derived from the veins. Their data also included lead mineralization.

23 The Magnuson and ASARCO databases could also contain some important files, but the owner of the ASARCO files has moved to Arizona with them.

Present high metal prices strongly encourages Polaris to move on this property with overtures to Hecla and more reconnaissance this coming summer, possibly leading to drilling this fall.

Signed,

**Dwight S. Juras**

*Idaho Registered Geologist*

### **References**

Calkins, F.C., and Jones, E. L., 1912, Economic geology of the region around Mullan, Idaho, and Saltese, Montana: U.S. Geological Survey Bulletin 540, p. 167-211, map scale 1:125,000.

Crosby, Garth, 1956, Geology of the Hercules Mine, Burke, Idaho, Mining Congress Journal, June 1956, pp. 43-45 and 82.

Fryklund, V.C., 1964, Ore deposits of the Coeur d'Alene district, Shoshone. County, Idaho: U.S. Geological Survey Professional Paper 445, 139 p.

Hobbs, S. Warren, Griggs, Allan B., Wallace, Robert E., and Campbell, Arthur B., 1965, The geology of the Coeur d'Alene District Shoshone Co. Idaho, US Geol. Survey Paper 478, 139 p.

Mines Handbook (Register, 1916) – Includes summaries on various companies in the Snowstorm trend.

Ransome, F. L., and F. C. Calkins, 1908, The geology and ore deposits of the Coeur d'Alene district, Idaho : U.S. Geological Survey Professional Paper 62, 203 p.

Umpleby, J.B. and Jones, E. L., 1923, Geology and ore deposits of Shoshone County, Idaho: U.S. Geol Survey Bull 732, 156 p.

## PART IV

### FINANCIAL INFORMATION ON THE ENLARGED GROUP

#### Part (A) – Financial Information on Red Leopard Holdings Plc

##### Incorporation of the relevant information by reference

The information listed below relating to the Company is hereby incorporated by reference into this Document. If you are reading this Document in hard copy, please enter the relevant web address below in your web browser to be brought to the relevant document. If you are reading this Document in soft copy, please click on the relevant web address below to be brought to the relevant document.

No.	Information	Source of information
1.	Turnover, net profit or loss before and after taxation, the charge for tax, extraordinary items, minority interests, the amount absorbed by dividends and earnings and dividends per share for the Company for each of the three years ended 31 December 2012	<p>RLH Annual Report &amp; Accounts 31 December 2010, Consolidated Statement of Comprehensive Income on page 10 and note 7 on Taxation on page 24.</p> <p><a href="http://www.redleopardholdings.com/downloads/websiteversion2010ac.pdf">http://www.redleopardholdings.com/downloads/websiteversion2010ac.pdf</a></p> <p>RLH Annual Report &amp; Accounts 31 December 2011, Consolidated Statement of Comprehensive Income on page 11 and note 7 on Taxation on page 25.</p> <p><a href="http://www.redleopardholdings.com/downloads/2012/Red%20Leopard%20Holdings%20plc%20-%20Financial%20Statements%202011.pdf">http://www.redleopardholdings.com/downloads/2012/Red%20Leopard%20Holdings%20plc%20-%20Financial%20Statements%202011.pdf</a></p> <p>RLH Annual Report &amp; Accounts 31 December 2012, Consolidated Statement of Comprehensive Income on page 11 and note 7 on Tax Expense on page 24.</p> <p><a href="http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf">http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf</a></p>
2.	A statement of the assets and liabilities shown in the audited accounts for RLH for the year ended 31 December 2012	<p>RLH Annual Report &amp; Accounts 31 December 2012, Consolidated Statement of Financial Position on page 12.</p> <p><a href="http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf">http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf</a></p>
3.	A cash flow statement as provided in the audited accounts for RLH for the year ended 31 December 2012	<p>RLH Annual Report &amp; Accounts 31 December 2012, Consolidated Statement of Cash Flows on page 16.</p> <p><a href="http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf">http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf</a></p>



4. Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures.
- RLH Annual Report & Accounts 31 December 2010, Notes to the Financial Statements on pages 17 to 31
- <http://www.redleopardholdings.com/downloads/websiteversion2010ac.pdf>
- RLH Annual Report & Accounts 31 December 2011, Notes to the Financial Statements on pages 18 to 33
- <http://www.redleopardholdings.com/downloads/2012/Red%20Leopard%20Holdings%20plc%20-%20Financial%20Statements%202011.pdf>
- RLH Annual Report & Accounts 31 December 2012, Notes to the Financial Statements on pages 18 to 31.
- <http://www.redleopardholdings.com/downloads/2013/Red%20Leopard%20Holdings%20plc%20Financial%20Statements%202012.pdf>

## Part (B) – Financial Information on Red Leopard Mining, Inc.



To the Board of Directors and Stockholders  
Red Leopard Mining, Inc.

### Independent Auditor's Report

We have audited the accompanying balance sheet of Red Leopard Mining, Inc. (an exploration stage company) as of March 27, 2013, and the related statements of operations, stockholder's equity, and cash flows from inception, January 22, 2013, to the period ended March 27, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Red Leopard Mining, Inc. as of March 27, 2013, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 7 to the consolidated financial statements, the Company's lack of revenues raise substantial doubt about its ability to continue as a going concern. Management's plans regarding the resolution of this issue are discussed in Note 7. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

MartinelliMick PLLC  
Spokane, WA, USA

March 27, 2013

**Accumulated deficit during exploration stage  
(An Exploration Stage Company)**

**BALANCE SHEET**

*March 27, 2013*

**ASSETS**

**CURRENT ASSETS**

\$ —

**OTHER ASSETS**

Mineral claims

33,465

Total Other Assets

33,465

**TOTAL ASSETS**

\$ 33,465

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**CURRENT LIABILITIES**

Accounts payable

\$ 9,169

Total Current Liabilities

9,169

**COMMITMENTS AND CONTINGENCIES**

—

**STOCKHOLDER'S EQUITY**

Preferred stock, \$0.001 par value, 100,000,000 shares  
authorized, none issued and outstanding

—

Common stock, Class A, \$0.001 par value,  
100,000,000 shares authorized 1,000 shares issued  
and outstanding

1

Additional paid-in capital

33,464

Accumulated deficit during exploration stage

(9,169)

Total Stockholder's Equity

24,296

**TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY**

\$ 33,465

The accompanying notes are an integral part of these financial statements.

**(An Exploration Stage Company)**  
**Accumulated deficit during exploration stage**

**STATEMENTS OF OPERATION**

	<i>From inception, January 22, 2013, to March 27, 2013</i>
<b>REVENUES</b>	\$ —
<b>OPERATING EXPENSES</b>	
Professional fees	9,069
General and administrative	100
	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	9,169
	<hr/>
<b>INCOME (LOSS) FROM OPERATIONS</b>	(9,169)
<b>TOTAL OTHER INCOME (EXPENSES)</b>	—
	<hr/>
<b>LOSS BEFORE TAXES</b>	(9,169)
Income Taxes	—
	<hr/>
<b>NET LOSS</b>	\$ (9,169)
	<hr/> <hr/>
<b>NET LOSS PER COMMON SHARE, BASIC AND DILUTED</b>	\$ (9.17)
	<hr/> <hr/>
<b>WEIGHTED AVERAGE NUMBER OF COMMON STOCK SHARES OUTSTANDING, BASIC AND DILUTED</b>	1,000
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**Accumulated deficit during exploration stage  
(An Exploration Stage Company)**

**STATEMENT OF STOCKHOLDERS' EQUITY**

	<i>Common Stock Class A</i>		<i>Additional Paid-in Capital</i>	<i>Accumulated Deficit</i>	<i>Total Shareholders' Equity</i>
	<i>Shares</i>	<i>Amount</i>			
Common stock issued for mineral claims	1,000	1	33,464	—	33,465
Net loss from inception January 22, 2013 to March 27, 2013	—	—	—	(9,169)	(9,169)
Balance, March 27, 2013	<u>1,000</u>	<u>\$ 1</u>	<u>\$ 33,464</u>	<u>\$ (9,169)</u>	<u>\$ 24,296</u>

The accompanying notes are an integral part of these financial statements.

**Accumulated deficit during exploration stage  
(An Exploration Stage Company)**

**STATEMENTS OF CASH FLOWS**

	<i>From inception, January 22, 2013, to March 27, 2013</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net income (loss)	\$ (9,169)
Adjustments to reconcile net income (loss) to net cash	
Changes in assets and liabilities:	
Increase (decrease) in:	
Accounts payable	9,169
	<u>          —</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net cash provided by investing activities	<u>          —</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Net cash provided by financing activities	<u>          —</u>
<b>INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>          —</u>
<b>Cash, beginning of period</b>	<u>          —</u>
<b>Cash, end of period</b>	<u><u>\$          —</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>	
Interest paid	<u><u>\$          —</u></u>
Income taxes paid	<u><u>\$          —</u></u>
<b>NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>	
Common stock issued for mineral claims	<u><u>\$      33,465</u></u>

The accompanying notes are an integral part of these financial statements.

# **RED LEOPARD MINING, INC.**

**(An Exploration Stage Company)**

## **NOTES TO THE FINANCIAL STATEMENTS**

**March 27, 2013**

### **NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS**

Red Leopard Mining, Inc. (hereinafter “RLM” or “the Company”) was incorporated in January 2013 under the laws of the State of Idaho for the purpose of exploration for silver, lead, zinc and other minerals in the Northeast portion of the Coeur d’Alene Mining District of North Idaho. The Company’s year-end is expected to be December 31, 2013. The Company is currently seeking additional opportunities concerning the properties it controls.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Red Leopard Mining, Inc. is presented to assist in understanding the Company’s financial statements. The financial statements and notes are representations of the Company’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States and have been consistently applied in the preparation of the financial statements.

#### ***Accounting Method***

The Company’s financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### ***Earnings (Losses) Per Share***

Basic net income/loss per share was computed by dividing the net income/loss by the weighted average number of shares outstanding during the year. The weighted average number of shares was calculated by taking the number of shares outstanding and weighting them by the amount of time they were outstanding.

#### ***Cash Equivalents***

The Company considers cash, certificates of deposit, and debt instruments with a maturity of three months or less when purchased to be cash equivalents. At this time the Company does not have a cash or banking account, or any other financial instruments.

#### ***Estimates***

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the Company’s financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions and could have a material effect on the reported amounts of the Company’s financial position and results of operations.

#### ***Fair Value of Financial Instruments***

The Company’s financial instruments as defined by FASB ASC 825-10-50 include accounts payable. All instruments are accounted for on a historical cost basis, which, due to the short maturity of these financial instruments, approximates fair value as of March 27, 2013.

FASB ASC 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. FASB ASC 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Company did not have any assets or liabilities measured at fair value under ASC 825-10-50 at March 27, 2013.

### ***Provision for Taxes***

Income taxes are provided based upon the liability method of accounting pursuant to ASC 740-10-25 *Income Taxes – Recognition*. Under the approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the “more likely than not” standard imposed by ASC 740-10-25-5 to allow recognition of such an asset. See Note 4.

### ***Mineral Properties***

Costs of acquiring mineral properties are capitalized by project area upon purchase of the associated claims (see Note 3). Costs to maintain the mineral rights and leases are expensed as incurred. When a property reaches the production stage, the related capitalized costs will be amortized, using the units of production method on the basis of periodic estimates of ore reserves.

Mineral properties are periodically assessed for impairment of value and any diminution in value. As of March 27, 2013 there was no impairment of mineral properties.

### **NOTE 3 – MINERAL PROPERTIES**

The Company currently owns or controls mineral claims in Shoshone County, Idaho. All of the claims were acquired from Polaris Resources Inc., a related party, in March 2013 for 1,000 shares of common stock of the Company valued at \$33,465. The mineral properties were valued at the historical cost basis of claim staking and other related costs.

#### ***DP Group***

This group of fifty-six unpatented claims covering an area of approximately 1,120 acres is located in the Lelande area of the Coeur d’Alene Mining District. The Company valued these claims at \$9,142.

#### ***GOS Group***

This group of twenty-three unpatented claims covering an area of approximately 460 acres is located in the Lelande area of the Coeur d’Alene Mining District. The Company valued these claims at \$3,754.

#### ***SP Group***

This group of one hundred and twenty-six unpatented claims covering an area of approximately 2,520 acres is located in the Lelande area of the Coeur d’Alene Mining District. The Company valued these claims at \$20,569.



#### NOTE 4 – INCOME TAXES

Income taxes are provided based upon the liability method of accounting pursuant to ASC 740-10-25 *Income Taxes – Recognition*. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against deferred tax assets if management does not believe the Company has met the “more likely than not” standard imposed by ASC 740-10-25-5.

Topic 740 in the Accounting Standards Codification (ASC 740) prescribes recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. At March 27, 2013, the Company had taken no tax positions that would require disclosure under ASC 740.

The Company will file income tax returns in the U.S. federal jurisdiction.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for income tax purposes. Deferred tax assets are calculated at a rate of 35%.

Significant components of the deferred tax assets from the recognition of the Company’s net operating loss for the period ended March 27, 2013 is as follows:

Deferred tax asset	\$	3,209
Valuation allowance for deferred asset		(3,209)
		<hr/>
Net deferred tax asset	\$	<u>—</u>

At March 27, 2013, the Company had net operating loss carryforwards of approximately \$9,169, which would expire in the year 2033.

#### NOTE 5 – CAPITAL STOCK

##### *Preferred Stock*

The Company is authorized to issue 100,000,000 shares of preferred stock with a par value of \$0.001. As of March 27, 2013, the Company has not issued any preferred stock.

##### *Common Stock*

The Company is authorized to issue 100,000,000 shares of common stock. All shares have equal voting rights, are non-assessable and have one vote per share.

During the period from inception, January 22, 2013, to March 27, 2013, the Company issued 1,000 shares of common stock to Polaris Resources, Inc., for 205 unpatented mining claims valued at \$33,465.

#### NOTE 6 – RELATED PARTY TRANSACTIONS

The transaction with Polaris Resources, Inc. is considered a related party transaction as the two companies have directors and officers in common which wholly control these entities. (See Notes 3 and 4)

#### NOTE 7 – GOING CONCERN

Red Leopard Mining, Inc. was incorporated in January 2013. The Company has generated no revenue and is dependent on future funding from either debt or equity it raises. This raises substantial doubt about the Company’s ability to continue in business, without additional resources being made available to the Company. The Company will continue to seek additional support for its activities.

**NOTE 8 – SUBSEQUENT EVENTS**

For the period ended March 27, 2013, there were no recognizable or non-recognizable subsequent events. Subsequent events have been evaluated through the date the financial statements were issued.

## Part (C) – Unaudited Pro Forma Statement of Net Assets of Enlarged Group

The following unaudited pro forma statement of net assets of the Group (the “pro forma financial information”) is based on the consolidated net assets of the Group as at 31 December 2012, and has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Proposals were completed on 31 December 2012.

The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.

The pro forma financial information has been prepared in accordance with the notes set out below and stated on the basis of the accounting policies adopted in the last consolidated financial statements of the Group.

	<i>Net assets of the Group as at 31 December 2012 (note 1) £000</i>	<i>Net placing proceeds (note 2) £000</i>	<i>Acquisition of Red Leopard Mining Inc (note 3) £000</i>	<i>Pro forma net assets of the Group as at 31 December 2012 £000</i>
<b>Non current assets</b>				
Exploration & Development Claims	—	—	600	600
<b>Total non-current assets</b>	—	—	600	600
<b>Current assets</b>				
Trade and other receivables	21	—	—	21
Cash and cash equivalents	6	261	—	267
<b>Total assets</b>	<b>27</b>	<b>261</b>	<b>600</b>	<b>888</b>
<b>EQUITY</b>				
Share capital	1,368	81	333	1,782
Share premium account	3,097	323	—	3,420
Merger relief reserve	—	—	267	267
Share based payment reserve	60	—	—	60
Retained earnings	(4,755)	(143)	—	(4,898)
<b>Total equity</b>	<b>(230)</b>	<b>261</b>	<b>600</b>	<b>631</b>
<b>Current liabilities</b>				
Trade and other payables	257	—	—	257
<b>Total current liabilities</b>	<b>257</b>	<b>—</b>	<b>—</b>	<b>257</b>
<b>Total liabilities</b>	<b>257</b>	<b>—</b>	<b>—</b>	<b>257</b>
<b>Total equity and liabilities</b>	<b>27</b>	<b>261</b>	<b>600</b>	<b>888</b>

Notes:

- The net assets of the Group at 31 December 2012 have been extracted without material adjustment from the audited consolidated financial statements of the Group for the year ended 31 December 2012. No account has been taken of the financial performance of the Group since 31 December 2012, nor of any other event save as disclosed below.
- In addition to the acquisition of Red Leopard Mining Inc, a Placing of an expected 70,000,000 shares in Red Leopard Holdings plc at an issue price of 0.5 pence will be made simultaneous to the Acquisition. The estimated costs of the Acquisition, Placing and Re-Admission to AIM are £213,000. It is assumed of these costs, that £124,000 will be settled in shares.
- The company being acquired is Red Leopard Mining Inc at a cost of £600,000, payable in ordinary shares (nominal price 0.1 pence) at a price of 1.8 pence being the estimated fair value of the shares at the date the asset is acquired. The fair value of the shares represents the estimated quoted share price as at the date of acquisition. The fair value of the shares is an estimate and therefore the actual fair value of the shares on the date of acquisition of the asset could be different. The premium on the issue of shares under the Companies Act 2006 is recorded against a merger relief reserve.

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Directors, whose names appear on page 5 of this Document, accept responsibility for all the information contained in this Document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Proposed Directors, whose names appear on page 5 of this Document, accept responsibility for all the information contained in this Document which relates to them. To the best of the knowledge and belief of the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document relating to them is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Incorporation and Status of the Group

- 2.1 The Company is domiciled in the UK and was incorporated in England and Wales on 17 November 2004 as a public limited company under the Companies Act 1985, with registered number 05289187 and under the name Red Leopard Holdings Plc.
- 2.2 On 5 January 2005, the Company obtained a certificate to do business and borrow under section 117 of the Companies Act 1985. The liability of the members of the Company is limited.
- 2.3 The registered office and principal place of business of the Company is 233-237 Old Marylebone Road, London, NW1 5QT, telephone number +44 207 7660076.
- 2.4 The principal legislation under which the Company operates is the Act and the regulations made thereunder. The Existing Ordinary Shares and the Deferred Shares were created pursuant to the Companies Act 1985 and the Act.
- 2.5 The Company has, and will upon Admission, have, the following wholly owned subsidiaries:

<i>Name of Subsidiary</i>	<i>Date of Incorporation</i>	<i>Country of Incorporation and residence</i>	<i>% Shareholding owned by the Company</i>
<i>Red Leopard Management Limited</i>	14 February 2007	England & Wales	100
<i>Harrell Hotels (Europe) Ltd</i>	22 February 2002	England & Wales	100
<i>Red Leopard Mining Inc</i>	22 January 2013	Idaho, USA	100

#### 3. Share Capital

- 3.1 On 1 October 2009, companies were no longer required to have an authorised share capital by virtue of the Act and there is no restriction in the Articles as to the amount of the capital that the Company is authorised to issue. Accordingly, the Company does not have an authorised share capital.
- 3.2 As at the date of this Document and immediately following Admission, the Company's issued share capital is and will be as set out below. All the issued share capital of the Company has been fully paid up.

The current par value of each existing Ordinary Share is 1 pence and the par value of each Deferred Share is 0.1 pence. Following and subject to the Proposals, the par value of each New Ordinary Share will be 0.1pence and each New Deferred Share will be 0.1 pence.

**At the date of this Document**

	<i>Nominal Value (£)</i>	<i>Number</i>
<i>Ordinary Shares</i>		
<b>Issued &amp; Paid</b>	924,875	92,487,529
<i>Deferred shares</i>		
<b>Issued &amp; Paid</b>	443,459	443,458,630
	<b><u>1,368,334</u></b>	

**Immediately following Admission**

	<i>Nominal Value (£)</i>	<i>Number</i>
<i>New Ordinary Shares</i>		
<b>Issued &amp; Paid</b>	224,954	224,954,062
<i>Deferred shares</i>		
<i>(Existing Deferred Shares and New Deferred Shares)</i>	1,275,847	1,275,846,391
<b>Issued &amp; Paid</b>	<b><u>1,500,801</u></b>	

- 3.3 The Company has, at the date of this Document, and as disclosed in the Company's audited financial statements, 6,057,442 outstanding options each exercisable at 2 pence per share. Of these, 5,808,877 are exercisable no later than 22 April 2014, and the remainder by 23 March 2015.

<i>Optionholder</i>	<i>Number of Options</i>	<i>Date of Grant</i>
Baskerville Holdings	4,179,843	22 November 2004
Robert Coe	814,517	22 November 2004
Stephen Thompson	814,517	22 November 2004
CFA	248,565	23 March 2005

Further, the Board has resolved to adopt an unapproved share option scheme pursuant to which the Board can grant options to members of the Enlarged Board subject to Completion representing 10 per cent. of the Enlarged Share Capital. These options when issued shall vest as follows:

- (a) 50% shall vest when the Company's share price reaches 4 pence per share or above for a continuous period of 30 trading days; and
- (b) 50% shall vest when the Company's share price reaches 6 pence or above for the same period.

The options shall have an exercise price of 4 pence per share and shall be exercisable for a period of 2 years from the relevant vesting date.

3.4 The following changes have taken place in the authorised and issued share capital of the Company during the three years prior to the date of this Document:

<i>Date</i>	<i>Authorised</i>	<i>Issued Ordinary Shares</i>	<i>Issued Deferred Shares</i>
As at 31 December 2010	1,404,074,075	443,458,630	Nil
As at 31 December 2011	Unrestricted*	90,687,529(**)	443,458,630
As at 31 December 2012	Unrestricted	92,487,529(***)	443,458,630

(\*) *In December 2011, the Company held a General Meeting at which it was approved that there would be a capital reorganisation. Each Ordinary Share in issue was subdivided into one New Ordinary Share of £0.001 (0.1 pence) in the capital of the Company and one Deferred Share of £0.001 (0.1 pence). The purpose of the issue of Deferred Shares was to ensure that the reduction in the nominal value of the Existing Ordinary Shares did not result in a reduction in the capital of the Company. Each Shareholder's proportionate interest in the Company's issued ordinary share capital remained unchanged as a result of the Subdivision. Aside from the change in nominal value, the New Ordinary Shares (including the voting and dividend rights and rights on a return of capital attaching to them) are identical in all respects to the Existing Ordinary Shares. The Deferred Shares created pursuant to the Subdivision have no voting or dividend rights and, on a return of capital or on a winding up of the Company, will have the right to receive the amount paid up thereon only after Ordinary shareholders have received, in aggregate, any amounts paid up thereon plus £10 million per ordinary share.*

*Following the subdivision, the Company consolidated the issue of 1 New Ordinary Share of 1pence for every 10 new ordinary shares of 0.1 pence. The Deferred Shares created subject to the subdivision were not be consolidated.*

(\*\*) *Further in December 2011, 21,441,666 Ordinary Shares were issued to Directors and former Directors at an issue price of 1 pence in lieu of fees accrued since 2007; and 10,000,000 shares were issued to external third parties in lieu of fees.*

(\*\*\*) *In September 2011, the Company entered into a convertible loan note instrument of up to £300,000, at an interest rate of 8% secured against the Company's assets, repayable in 2012 unless otherwise converted, pursuant to which it raised £154,000. Loan notes for £149,000 were automatically converted into new Ordinary Shares upon the capital reorganisation of the Company and immediately thereafter, 14,900,000 shares were issued in satisfaction of these loan notes.*

*In March 2012, the remaining £5,000 raised pursuant to the loan note, was converted into 500,000 Ordinary Shares; and a further £13,000 which was accepted by the Company under the loan note terms which was converted into 1,300,000 Ordinary Shares.*

3.5 Save as referred to herein, no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

3.6 It is proposed that:

3.6.1 under the terms of the Acquisition Agreement, 33,333,333 Consideration Shares will be issued credited as fully paid at the price of 1.8p per share;

3.6.2 under the terms of the Placing, 70,000,000 Placing Shares will be issued credited as fully paid to Placees under the Placing at the price of 0.5p per share;

3.6.3 22,333,200 New Ordinary Shares will be issued at 0.5p per share in respect of payment of accrued fees and expenses as follows:

(i) 18,333,200 New Ordinary Shares to the Directors in respect of accrued fees; and

(ii) Stuart Adam (a Proposed Director) will subscribe for 4,000,000 New Ordinary Shares using the proceeds of the £20,000 owed to him by the Company for professional advice;

- 3.6.4 6,800,000 New Ordinary Shares will be issued at 0.5p per share in respect of commission due under the Placing; and
- 3.6.6 All New Ordinary Shares to be issued as detailed in this paragraph 3.6 or subscribed for will rank *pari passu* in all respects with the New Ordinary Shares including the right to receive all dividends and other distributions declared, made or paid after Admission of the Enlarged Share Capital.
- 3.7 Neither the Deferred Shares nor the New Deferred Shares carry any voting rights and will be cancelled at the appropriate time.
- 3.8 The Company does not have any securities in issue not representing the share capital.
- 3.9 No shares in the capital of the Company are held by or on behalf of the Company or by any subsidiaries of the Company.
- 3.10 Save as referred to in this Document, there are no acquisition rights or obligations over the unissued capital or undertakings to increase the capital of the Company.

#### **4. Articles of Association**

- 4.1 The Articles do not contain any restriction on the objects which may be carried on by the Company.
- 4.2 The Articles proposed to be adopted at the GM contain, *inter alia*, provisions to the following effect:

##### *General Meetings*

Annual General Meetings shall be held at such time and place as may be determined by the Directors and shall be held in each period of six months beginning with the day following the Company's accounting reference date or in such other period as is allowed by the Act.

The Directors may, whenever they think fit, convene a General Meeting, and General Meetings shall also be convened on such requisition or in default may be convened by such requisitionists as are provided by the Act.

An Annual General Meeting shall be called by not less than twenty-one days notice in writing, and all other General Meetings shall be called by not less than fourteen days notice in writing.

The notice shall be given to the Shareholders (other than those not entitled to receive notice under the Articles) to the Directors and to the Auditors.

The accidental omission to send a notice to or the non-receipt of any notice by any Shareholder or any Director or the Auditors shall not invalidate the proceedings at any General Meeting.

Where by any provision contained in the Act special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the Company not less than twenty-eight days (or such shorter period as the Act permits) before the meeting at which it is moved, and the Company shall give to its Shareholders, subject as in the Articles provided, notice of any such resolution as provided by the Act.

The quorum for a General Meeting shall not be less than two Shareholders present in person or by proxy (or in the case of a corporation, by its duly authorised representative(s)) unless each such person is a proxy for the same Shareholder or a representative for the same corporation (and neither of them is also present at the meeting in his capacity as a different Shareholder or a properly appointed proxy or representative for a different Shareholder).

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by or upon the requisition of Shareholder, shall be dissolved. In any other case it shall stand adjourned to such time (being not less than fourteen days and not more than twenty-eight days thence) and place as the Chairman shall appoint. At any such adjourned meeting the Shareholder or Shareholders present in person or by proxy and entitled to vote shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place. The Company shall give not less than seven clear days notice of any meeting adjourned for the want of a quorum and the notice shall state that the Shareholder or Shareholder present as aforesaid shall form a quorum.

#### *Voting*

Subject to any special terms as to voting upon which any shares may have been issued, or may for the time being be held, every Member (as defined therein) present in person or by proxy shall upon a show of hands have one vote and every Member present in person or by proxy shall upon a poll have one vote for every share held by him. If an order is made by any Court of competent jurisdiction on the ground of mental disorder for the detention of or for the appointment of a guardian or deputy or other person to exercise powers with respect to the affairs of a Member then such Member may vote, whether on a show of hands or on a poll, by his deputy or curator bonis and such deputy or curator bonis may vote by proxy.

#### *Restrictions on Voting*

No Member shall, unless the Directors otherwise determine, be entitled to be present or to vote, either in person or by proxy, at any General Meeting or upon any poll, or to exercise any privilege as a Member in relation to Meetings of the Company in respect of any shares held by him if either:

- (a) any Calls (as defined therein) or other moneys due and payable in respect of those shares remain unpaid; or
- (b) a Direction Notice as defined in Article 82.1 of the Articles shall have been served and not withdrawn or deemed to have been withdrawn.

The Deferred Shares do not have any voting rights.

#### *Dividends*

Subject as herein provided and to the Statutes (as defined therein), the Company in General Meeting may declare a dividend to be paid to the Members according to their respective rights and interests in the profits, but no larger dividend shall be declared than is recommended by the Directors.

No dividend or other moneys payable by the Company shall bear interest as against the Company.

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but no amount paid up on a share in advance of Calls shall be treated for the purpose of this Article as paid up on the share. Subject as aforesaid all dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share carries any particular rights as to dividends such share shall rank for dividend accordingly.

In case several persons are registered as joint holders of any share any one of such persons may give effectual receipts for all dividends and payments on account of dividends in respect of such share.

The Directors may from time to time declare and pay an interim dividend to the Members.



No dividend or interim dividend shall be payable except in accordance with the provisions of the Statutes.

All dividends, interest or other sums payable unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Subject to resolution by the Board all dividends unclaimed for a period of twelve years after having been declared shall be forfeited and shall revert to the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

Every dividend shall belong and be paid (subject to the Company's lien) to those Members who shall be on the Register at the date fixed by the Directors for the purpose of determining the persons entitled to such dividend (whether the date of payment or some other date) notwithstanding any subsequent transfer or transmission of shares.

The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all such sums as may be due from him to the Company on account of Calls or otherwise in relation to shares of the Company.

Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets and in particular of paid-up shares, other securities, or debentures of the Company, and the Directors shall give effect to any such direction provided that no such distribution shall be made unless recommended by the Directors. Where any difficulty arises with regard to the distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments may be made to any Members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such assets in trustees upon trust for the persons entitled to the dividend as may seem expedient to the Directors.

A Deferred Share will not entitle its holder to receive any dividend or distribution declared, made or paid or any return of capital (save as provided in Article 151) and does not entitle their holders to any further or other right of participation in the assets of the Company.

#### *Variation of Rights*

Subject to the provisions of the Statutes, if at any time the capital is divided into different classes of shares all or any of the rights or privileges attached to any class may be varied or abrogated (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of at least three-quarters of the nominal amount of the issued shares of that class, but not otherwise. The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided by these Articles or the rights attached to such last mentioned shares as a class) be deemed to be a variation of the rights of such shares.

Any meeting for the purpose of the last preceding Article shall be convened and conducted in all respects as nearly as possible in the same way as a General Meeting of the Company; provided that (a) no member, not being a Director, shall be entitled to notice thereof or to attend thereat unless he be a holder of shares of the class the rights or privileges attached to which are intended to be varied or abrogated by the resolution, (b) no vote shall be given except in respect of a share of that class; (c) the quorum at any such meeting shall be at least two persons present holding or representing by proxy at least one-third in nominal value of the issued shares of the class, and at an adjourned meeting one person holding shares of the class in question or his proxy; and (d) a poll may be demanded in writing by any member present in person or by proxy and entitled to vote at the meeting.

### *Transfer of Shares*

The instrument of transfer of any share (other than any Deferred Share) in the Company shall be in usual form or in such other form as shall be approved by the Directors, and shall be signed by or on behalf of the transferor (and in the case of a transfer of a partly paid share by the transferee) and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof, and when registered the instrument of transfer shall be retained by the Company.

A Deferred Share shall not be transferable at any time other than with the prior written consent of the Directors.

The Directors may, in their absolute discretion refuse to register any share transfer unless:

- 1 it is in respect of a fully paid share;
- 2 it is in respect of a share on which the Company does not have a lien;
- 3 it is in respect of only one class of shares;
- 4 the conditions referred to in the next succeeding Article have been satisfied in respect thereof; and
- 5 it is in respect of a share other than a Deferred Share

If the Directors refuse to register a transfer they shall within two months after the date on which the transfer was lodged with the Company return to him the instrument of transfer and provide to him a notice of the refusal and such notice shall contain reasons for the refusal.

### *Alteration of Capital*

The Company may by Ordinary Resolution consolidate its shares, or any of them, into shares of a larger amount.

The Company may by Ordinary Resolution sub-divide its shares, or any of them, into shares of a smaller amount, and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more such shares shall have some preferred or other advantage as regards dividend, capital, voting or otherwise over or shall have deferred rights or be subject to such restrictions as compared with the other or others as the Company has power to attach to shares upon the allotment thereof.

### *Purchase of Own Shares*

Subject to the provisions of the Statutes, the Company may enter into any contract for the purchase of any of its own shares (including any redeemable shares) and any contract under which it may, subject to any conditions, become entitled or obliged to purchase any such shares. Without prejudice to the generality of the foregoing, the Company may (subject to the provisions of this Article and to any directions which may be given by the company in general meeting) make a market purchase (within the meaning of Section 693 of the 2006 Act) of any of its own shares and may purchase hold and deal in its own shares as Treasury Shares (within the meaning of Section 724 of the 2006 Act). Subject to the provisions of the Statutes, the Company may agree to the variation of any contract entered into in pursuance of this Article and to release any of its rights or obligations under any such contract.

### *Untraced Shareholders*

All dividends, interest or other sums payable unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Subject to resolution by the Board all dividends unclaimed for a period of twelve years

after having been declared shall be forfeited and shall revert to the Company. The payment of any unclaimed dividend, interest or other sum payable by the Company on or in respect of any share into a separate account shall not constitute the Company a trustee thereof.

#### *Borrowing Powers*

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities.

The Directors may exercise all the powers of the Company to borrow or raise money upon or by the issue or sale of any bonds, debentures, or securities, and upon such terms as to time of repayment, rate of interest, price of issue or sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper, including a right for the holders of bonds, debentures, or securities, to exchange the same for shares in the Company of any class authorised to be issued

#### *Directors*

Unless and until otherwise determined by the Company in General Meeting pursuant to Article 123, the number of Directors shall not be less than two nor more than ten. The continuing Directors may act notwithstanding any vacancy in their body, provided that if the number of the Directors be less than the prescribed minimum the remaining Director or Directors shall forthwith appoint an additional Director or additional Directors to make up such minimum or shall convene a General Meeting of the Company for the purpose of making such appointment. If there be no Director or Directors able or willing to act then any two Members may summon a General Meeting for the purpose of appointing Directors. Any additional Director so appointed shall (subject to the provisions of the Statutes and these Articles) hold office only until the dissolution of the Annual General Meeting of the Company next following such appointment unless he is re-elected during such meeting and he shall not retire by rotation at such meeting or be taken into account in determining the rotation of retirement of Directors at such meeting.

The Directors shall be paid out of the funds of the Company for their services subject to such limit (if any) as the Company in General Meeting may from time to time determine. The Directors shall also receive by way of additional fees such further sums (if any) as the Company in General Meeting may from time to time determine. Such fees and additional fees shall be divided among the Directors in such proportion and manner as they may determine and in default of determination equally. The provisions of this Article shall not apply to the remuneration of any Managing Director or Executive Director which shall be determined pursuant to the provisions of Article 97 hereof.

The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance or their duties as Directors including any expenses incurred in attending meetings of the Board or of committees of the Board or General Meetings and if in the opinion of the Directors it is desirable that any of their number should make any special journeys or perform any special services on behalf of the Company or its business, such Director or Directors may be paid reasonable additional remuneration and expenses as the Directors may from time to time determine.

A Director shall not require a share qualification. A Director shall be entitled to receive notice of and attend and speak at all General Meetings of the Company and at all separate General Meetings of the holders of any class of shares in the capital of the Company.

Without prejudice to the power of the Company pursuant to these Articles, the Directors shall have power at any time to appoint any person either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not exceed any maximum number fixed

in accordance with these Articles. Subject to the provisions of the Statutes and of these Articles, any Director so appointed shall hold office only until the dissolution of the Annual General Meeting of the Company next following such appointment unless he is re-elected during such meeting, and he shall not retire by rotation at such meeting or be taken into account in determining the rotation of retirement of Directors at such meeting.

#### *Electronic Communication*

If notice of meeting is sent in electronic form the Company must have complied with all applicable regulatory requirements and the person entitled to receive such notice must have agreed that the notice can be sent to him in that way and not revoked that agreement or, in the case of a company, be deemed to have agreed to receive notice in that way by a provision in the Statutes and the notice must be sent to the address specified by the person entitled to receive such notice or, in the case of notice sent to a company, an address which is deemed to have been specified by any provision of the Statutes

## **5. Directors' and other's interests**

5.1 The interests of the Directors, the Proposed Directors and the persons connected with them (within the meaning of section 252-255 of the Act) in the share capital of the Company as at the date of this Document and as they are expected to be immediately following the Proposals are as follows:

	<i>At the date of this Document</i>		<i>Following Completion of the Proposals</i>	
	<i>No of Ordinary Shares</i>	<i>% of Existing Share Capital</i>	<i>No of New Ordinary Shares</i>	<i>% of Enlarged Share Capital (undiluted)</i>
<i>Shareholder</i>				
John May	17,627,416 <sup>(*)</sup>	19.06	26,794,016 <sup>(***)</sup>	11.91
S2 Solutions Limited (**)	8,533,333	9.23	17,699,933 <sup>(***)</sup>	7.87
Stuart Adam	3,600,000	3.89	7,600,000 <sup>(****)</sup>	3.38
Howard Crosby	Nil	Nil	Nil <sup>(*****)</sup>	Nil
<b>Total</b>	<b>29,760,749</b>	<b>32.18</b>	<b>47,927,550</b>	<b>23.16</b>

(\*) *John May, Chairman of the Company holds a majority of his Ordinary Shares through his Self Invested Personal Pension (SIPP)*

(\*\*) *S2 Solutions Limited is owned 70% by Simon Michaels*

(\*\*\*) *includes those Ordinary Shares issued in consideration for accrued Directors' fees*

(\*\*\*\*) *includes those Ordinary Shares being allotted in consideration for accrued fees.*

(\*\*\*\*\*) *Howard is a 50% shareholder of Quest, and therefore will have an indirect holding in the Company of the Consideration Shares*

- 5.2 So far as the Directors and Proposed Directors are aware and save as disclosed in paragraph 5.1 above, the following persons (excluding those disclosed in paragraph 5.1 above) have or will have an interest (within the meaning of Part 22 of the Act) in 3 per cent. or more of the issued share capital of the Company as at the date of this Document and on Admission:

<i>Shareholder</i>	<i>At the date of this Document</i>		<i>Following Completion of the Proposals</i>	
	<i>No of Ordinary Shares</i>	<i>% of Existing Share Capital</i>	<i>No of New Ordinary Shares</i>	<i>% of Enlarged Share Capital (undiluted)</i>
Quest <sup>(*)</sup>	Nil	Nil	33,333,333	14.82
Geoffrey Dart <sup>(**)</sup>	5,632,920	6.09	5,632,920	2.50
Clive Russell	4,471,573	4.83	4,471,573	1.99
Noram Capital Holdings Limited	3,181,414	3.44	3,181,414	1.41
Lynchwood Nominees Limited	3,033,333	3.28	3,033,333	1.35
Beaufort Securities Limited	Nil	Nil	25,000,000	11.11
Alexander David Securities Limited	Nil	Nil	20,000,000	8.9
SVS Securities Limited	Nil	Nil	8,000,000	3.55

(\*) *Howard Crosby (a Proposed Director) and John Ryan (a director of RLM) own 50% each of Quest*

(\*\*) *Direct and indirect shareholdings in the Company*

- 5.3 Save as disclosed in paragraphs 5.1 and 5.2 above, the Directors and Proposed Directors are not aware of any interest (within the meaning of Part 22 of the Act) in the Company's ordinary share capital which, at the date of this Document and/or immediately on Admission, would amount to three per cent. or more of the Company's issued ordinary share capital.
- 5.4 The Company's significant shareholders do not have and on Admission will not have different voting rights to the Company's other shareholders.
- 5.5 As at September 2013 (being the latest practicable date prior to publication of this Document) and save as disclosed in this paragraph 5, the Directors and the Proposed Directors are not aware of any person or persons who, directly or indirectly, jointly or severally, own or exercise or could own or exercise control over the Company.
- 5.6 The Company is not aware of any arrangements which may at a subsequent date result in a change of control in the Company.
- 5.7 There are no mandatory takeover bids outstanding in respect of the Company and none has been made either in the last financial year or the current financial year of the Company. No public takeover bids have been made by third parties in respect of the Company's issued share capital in the current financial year or in the last financial year.
- 5.8 Save as set out in this paragraph 5, following Admission neither the Directors nor the Proposed Directors nor any person connected with the Directors or Proposed Directors (within the meaning of sections 252 to 255 of the Act) is expected to have any interest, beneficial or non-beneficial, in the share or loan capital of the Company.
- 5.9 Save as disclosed in this Document, none of the Directors or the Proposed Directors has any interest, direct or indirect, in any assets which have been or are proposed to be acquired or disposed of by, or leased to, the Company and no contract or arrangement exists in which a Director or Proposed Director is materially interested and which is significant in relation to the business of the Enlarged Group.

5.10 There are loans outstanding at the date of this Document as follows:

<i>Lender</i>	<i>Amount</i>	<i>Date</i>
City & Westminster Corporate Finance LLP	£29,046	31 August 2012 and 21 September 2011
Magnus Communications Limited (related to John May)	£20,000	31 August 2012
John May	£50,000	22 November 2011
Family member of Robert Coe, Company Secretary	£10,000	25 November 2011

5.11 Save as disclosed in this paragraph 5, none of the Directors or the Proposed Directors has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or unperformed.

5.12 Neither the Directors nor the Proposed Directors, nor any member of their respective families, has a related financial product (as defined in the AIM Rules) referenced to the Ordinary Shares.

## **6. Directors' Service Contracts**

6.1 The Directors have been appointed to the offices and employments set out against their respective names. The agreements summarised below are each between the respective Director or the Proposed Directors and the Company:

6.1.1 John May has a letter of appointment with the Company dated 5 September 2013 pursuant to which he is entitled to a salary of £25,000 per annum. The letter may be terminated by either party giving 3 months' written notice. John May has served as a director of the Company since December 2006.

6.1.2 Simon Michaels has a letter of appointment with the Company dated 5 September 2013 pursuant to which he is entitled to a salary of £12,500 per annum. The letter may be terminated by either party giving 3 months' written notice. Simon Michaels has served as a director of the Company since June 2008.

6.1.3 Stuart Adam has agreed to act as Executive Finance Director of the Company pursuant to a letter of appointment dated 5 September 2013 pursuant to which he is entitled to a salary of £25,000 per annum. The agreement may be terminated by either party giving 3 months' written notice.

6.1.4 Howard Crosby has agreed to as Non-Executive Director of the Company pursuant to a letter of appointment dated 5 September 2013 pursuant to which he is entitled to a salary of £12,500 per annum. The letter may be terminated by either party giving 3 months' written notice.

6.2 The aggregate emoluments (including benefits in kind and pension contributions) of the Directors for the 12-month period ended 31 December 2012 was £50,000 and it is estimated that, assuming Admission occurs, the aggregate emoluments of the Enlarged Board as employees or in respect of their services to the Enlarged Group (including benefits in kind and pension contributions, but excluding any performance-related bonuses) for the year ending 31 December 2013 will amount to a maximum of £75,000 under the arrangements in force at the date of this Document.

6.3 Save as disclosed in this paragraph, there are no Directors' or Proposed Directors' service contracts, or contracts in the nature of services, with the Company, other than those which expire or are terminable without payment of compensation on no more than 12 months' notice.

## 7. Additional Information on the Enlarged Board

7.1 In addition to the Company, the Directors and the Proposed Directors hold or have held the following directorships or are or have been partners in the following partnerships within the five years prior to the date of this Document:

	<i>Current Directorships</i>	<i>Previous Directorships</i>
<b>John May</b>	The Genesis Initiative Ltd The Lisa May Memorial Fund Ltd The Small Business Bureau Ltd Denholm's Noni Juice Ltd TV One (Europe) Ltd Media World Networks Ltd Enterprise 24/7 Ltd The Time Traveller Company Ltd K&M Financial Group Ltd K&M China Ltd K&M India Ltd K&M Russia Ltd City & Westminster Advisers Limited Defence Asset Solutions Limited Hayward Tyler Group Plc Independence Resources Plc London & Pacific Partners Inc White Mountain Titanium Corporation China Pub Company Plc Stanmore Resources Group Limited City & Westminster Corporate Finance LLP City & Westminster Consultants LLP	International Consolidated Minerals Inc Tomco Energy Plc Petrolatina Energy Plc Southern Legacy Minerals Inc Avatar Systems Inc Falcon Media Services Limited
<b>Simon Michaels</b>	Earthstream Global Limited CHHF Limited S2 Solutions Limited ESG1 limited ESG2 Limited Earthstream Global Services Limited Earthstream Global Holdings Limited Earthstream Global Inc Earthstream Global Pty Ltd Earthstream Global sp zoo	None
<b>Stuart Adam</b>	Stanmore Resources Group Ltd London & Scottish Capital Limited Lionthorn Consultancy Limited City & Westminster Corporate Finance LLP	Luton-Kennedy Ltd

	<i>Current Directorships</i>	<i>Previous Directorships</i>
<b>Howard Crosby</b>	Independence Resources Corp Trend Mining Company White Mountain Titanium Corp Shoshone Silver Gold Mining Abot Mining Company Mineral Mountain Mines Resources Inc Nevada Comstock Mines Inc Crosby Enterprises, Inc Cork Investments Inc Independence Brewing Co Reserve Minerals One	Tomco Energy Plc Southern Legacy Minerals Inc Seafeld Resources Ltd International Consolidated Minerals Inc Silver Verde May Mining Co

7.2 None of the Directors nor any of the Proposed Directors has:

7.2.1 any unspent convictions in relation to indictable offences;

7.2.2 any bankruptcy order made against him or entered into any individual voluntary arrangements;

7.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;

7.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;

7.2.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership; or

7.2.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies) or been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company; or

7.2.7 has any previous names.

7.3 The Group does not have any employees.

## **8. Related Party Transaction**

Save as disclosed in this Document and with specific reference to the loans mentioned at paragraph 5.10 of this Part V and paragraph 12 of Part I, no member of the Group has entered into any related party transactions of the kind set out in the standards adopted according to the Regulation (EC) No 1606/2002 in any of the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012 or since 31 December 2012.

## **9. Material contracts**

There are no contracts (not being in the ordinary course of business) entered into by the Company or any member of the Group in the last two years which are or may be material or which contain any



provision under which the Company or any member of the Group has any obligation or entitlement which is or may be material to the Company as at the date of this Document save as follows:

- 9.1 The Acquisition Agreement dated 30 August 2013 between the Company, Quest, John Ryan and Howard Crosby; pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of RLM in consideration for the issue by the Company of the Consideration Shares, conditional on, *inter alia*, the passing of the Resolutions. The Acquisition Agreement contains tax and general warranties provided on a joint and several basis. A general warranty claim has to be made within 2 years of Admission and for tax warranties the time period is limitless.
- 9.2 On 14th August 2013, the Company, RLM and American Mining and Tunnelling LLC (“AMT”) entered into a services agreement (which was varied by mutual agreement on 4 September 2013) pursuant to which AMT has agreed to provide certain mine contracting services to RLM in order to open and investigate the Idora Tunnel (located in Shoshone County). Under the terms of the agreement RLM will pay AMT \$150,000 in three tranches of \$50,000. Such payments will be made following completion of works undertaken by AMT as to \$50,000 following completion one third of the works, \$50,000 following completion of two thirds of the works and \$50,000 following full completion of the works.

Under the terms of the agreement, RLH has agreed (subject to Admission) to guarantee the payments to be made to AMT by RLM under the agreement. RLH may, at its sole option and in its absolute discretion, satisfy any amounts owing under the guarantee by way of the issue and allotment of New Ordinary Shares. If issued, such shares will be admitted to AIM and will be issued on the basis on one New Ordinary Share for each £0.005 due from RLM to AMT.

The agreement is conditional upon RLM receiving approval from the United States Forest Service that its proposed plan of operations is acceptable. This condition must be fulfilled by 31st August 2014.

AMT has provided a number of warranties to RLM in respect of the provision of the services set out therein. Each parties’ liability to the other, under the terms of this agreement, is limited to \$150,000.

The agreement is terminable by either party on three months’ notice and will be immediately terminable upon certain events of default.

The agreement is governed by the laws of the State of Idaho.

- 9.3 The Nominated Adviser and Broker Agreement dated 5 September 2013 between Northland and the Company; pursuant to which Northland was appointed nominated adviser and broker to the Company for the purposes of the AIM Rules and Northland has agreed, *inter alia*, to provide such independent advice and guidance to the Directors as they may require to ensure compliance by the Company on a continuing basis with the AIM Rules. The agreement is subject to termination on the giving of three months’ written notice.
- 9.4 Each the Directors, Proposed Directors, Quest, Geoffrey Dart and Clive Russell, have entered into lock in agreements with the Company and Northland, pursuant to which they have each agreed not to dispose of their Ordinary Shares for a period of 12 months following Admission and for a further period of 12 months only to dispose of such shares in an orderly manner save in certain limited circumstances as follows:
- in the event of an intervening court order;
  - in the event of the execution of an undertaking to accept and the acceptance of a general, partial or tender offer (as defined in the City Code) made to all shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate

controlled by the offeror and/or any persons acting in concert (as defined in the City Code with the offeror) to acquire the whole or part of the issued Ordinary Shares (other than any shares which are already owned by the person making such offer and/or any body corporate controlled by the offeror and/or any other person acting in concert (as defined in the City Code) with him); or

- to any disposal pursuant to a general, partial or tender offer (as defined in the City Code) made to all shareholders of the Company (or to all such shareholders other than the offeror and/or any body corporate controlled by the offeror and/or any persons acting in concert (as defined in the City Code) with the offeror) to acquire the whole or part of the issued share capital of the Company (other than any shares already held by the offeror or persons acting in concert (as defined in the City Code) with the offeror).

- 9.5 Under the terms of the Placing Agreement, Northland, conditional on Admission taking place not later than 8.00 am on 31 October 2013 or such later date as Northland and the Company may agree, agrees to act as the placing agent to the Company for the Placing and to use its reasonable efforts to procure subscribers for the Placing Shares. In consideration for its services, Northland will be entitled to a commission payable on Admission of 6 per cent. in respect of all funds raised by it pursuant to the Placing and payable on Admission.

The Placing Agreement contains warranties and indemnities given by the Company and the Directors to Northland as to the accuracy of the information contained within this Document and other matters relating to the Company and its business. Northland is entitled to terminate the Placing Agreement in certain specified circumstances prior to Admission.

- 9.6 The Company entered into an agreement with City & Westminster Corporate Finance LLP (“CWCF”) on 14 January 2009 pursuant to which it agreed to pay to CWCF a commission of 8 per cent. in respect of any financings or senior credit facilities arranged by CWCF on behalf of the Company. In respect of the Placing, the Company has agreed to pay CWC a commission of 6 per cent. for any subscribers it procures.

- 9.7 On 23 May 2013, the Company entered into an engagement letter with Beaufort Securities Limited (“Beaufort”) pursuant to which Beaufort was appointed as a broker to the Company on a non-exclusive basis to raise monies in respect of the Placing and as ongoing broker to the Company following re-admission for a period of no less than 12 months. In consideration for any monies Beaufort raises under the Placing, it will be entitled to a commission of 6 per cent. of such gross amount raised. Moreover, Beaufort is entitled to an annual corporate broking fee payable quarterly in advance. Future commissions will be negotiated on a case by case basis. The arrangement is terminable on no less than 3 months notice provided such notice does not expire before the first anniversary of the signing of the Engagement Letter.

The letter was varied by a letter dated 19 August 2013, pursuant to which any minimum fundraise referred to in the original engagement letter was removed as was any condition to Beaufort’s broking appointment (other than readmission).

- 9.8 On 5 September 2013, the Company issued each Northland and City & Westminster Corporate Finance LLP convertible loan notes to the value of £100,000 and £20,000 respectively for outstanding fees owed to these entities by the Company.

These notes are interest free and are unsecured. They are fully transferrable by the noteholder. The conversion price is the same as the Placing Price.

At any time prior to the redemption date (being 18 months from the date of issue), the Company may repay the amounts due on the next quarter date (unless the noteholder then serves a conversion notice in which case, the amounts will be converted into Ordinary Shares). Unless a

conversion notice has been served, all notes will be redeemed immediately prior to a sale or delisting of the Company.

The noteholder is entitled to serve a conversion notice on the Company at any time prior to the redemption date, in which case, conversion will take place on the next quarter day. All loan notes not previously redeemed or converted on the redemption date will automatically convert into Ordinary Shares on the basis of dividing the principal amount then due by the price per share (which shall be the Placing Price unless adjusted). The notes are also redeemable in the event of a successful fundraise by the Company prior to the end of the redemption period on the terms set out therein.

All shares issued pursuant to these loan notes will have the same rights as Ordinary Shares then in issue. The notes are not being listed.

## **10. Intellectual property**

The Company and/or its subsidiaries have the following registered intellectual property:

### *10.1 Web Domains*

**www.redleopardholdings.com**

### *10.2 Trademarks*

The Company has no trademarks registered or pending.

### *10.3 Patents*

The Company has no patents pending or patents which have been granted.

## **11. Litigation**

Neither the Company nor any of its subsidiaries is involved in any governmental, legal or arbitration proceedings which may have or have had during the 12 months preceding the date of this Document a significant effect on the Company's financial position and, so far as the Directors and the Proposed Directors are aware, there are no such proceedings pending or threatened against the Company.

## **12. Working capital**

The Directors and the Proposed Directors are of the opinion that, having made due and careful enquiry and taking into account the proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, which is for at least 12 months from the date of Admission.

## **13. Taxation**

**The comments set out below are based on existing law and current HM Revenue & Customs practice. They are intended as a general guide only and apply only to Shareholders who are resident in the United Kingdom for tax purposes (except to the extent that specific reference is made to Shareholders resident outside the United Kingdom), who hold the shares as investments and who are the absolute beneficial owners of those shares. This information is not exhaustive and does not constitute taxation, legal or investment advice. Any person who is in any doubt as to their taxation position or who is subject to taxation in any jurisdiction other than the United Kingdom, should consult their own professional advisers immediately.**

### *Taxation of Dividends*

No taxation will be withheld from dividends paid by the Company on the New Ordinary Shares. Dividends carry a tax credit equal to one ninth of the dividend.

**(a) *United Kingdom resident individuals***

Individual shareholders, who are resident in the United Kingdom for tax purposes, will generally be subject to income tax on the aggregate amount of the dividend and associated tax credit (the “gross dividend”). For example, on a cash dividend of £90 an individual would be treated as having received dividend income of £100 and as having paid income tax of £10 (the “associated tax credit”).

Individual shareholders who (after taking account of the gross dividend) are liable to income tax at the basic rate, pay tax on dividends at the dividend ordinary rate of 10 per cent. Such individuals will have no further tax to pay, as the tax liability will be fully extinguished by the associated tax credit. Individual shareholders who are not liable to income tax are not able to recover the tax credit.

Individual shareholders who (after taking account of the gross dividend) are subject to income tax at the higher rate (currently 40 per cent) will be liable to tax at the dividend upper rate of 32.5 per cent on the gross dividend. For example, a higher rate tax payer receiving a dividend of £90 would for income tax purposes be treated as receiving dividend income of £100 (the aggregate of the £90 dividend received and the associated tax credit of £10). The tax liability would be £32.50. However, the associated tax credit of £10 would be set against the tax liability, leaving the individual with net tax to pay of £22.50.

**(b) *United Kingdom resident trustees***

Trustees of discretionary trusts liable to account for income tax on the income of the trust will be treated as having received gross income equal to the aggregate amount of the dividend and associated tax credit. Trustees will pay tax on dividends received at the rate of 37.5 per cent. As with the additional rate individual shareholders, the 10 per cent tax credit will be set against the tax liability leaving further tax to pay of 27.5 per cent of the gross dividend.

**(c) *United Kingdom resident companies***

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on dividends unless the dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether other conditions are met will depend upon the circumstances of the particular shareholder, although it is expected that the dividends paid by the company would normally be exempt.

**(d) *United Kingdom resident gross funds/charities***

There is no entitlement, for either a gross fund or charity, to a tax credit and consequently no claim to recover the tax credit will be possible.

**(e) *Non- United Kingdom residents***

Generally, non-United Kingdom residents will not be subject to any United Kingdom taxation in respect of United Kingdom dividend income nor will they be able to recover the associated tax credit, although this will depend upon the existence of and the terms of any double taxation convention between the United Kingdom and the country in which such shareholder is resident.

Non-United Kingdom resident shareholders may be subject to tax on United Kingdom dividend income under any law to which that person is subject outside the United Kingdom. Non-United Kingdom resident shareholders should consult their own tax advisers with regard to their liability to taxation in respect of the cash dividend.

***Taxation of Capital Gains***

A subsequent disposal of New Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

United Kingdom resident individual Qualifying Shareholders are no longer entitled to indexation allowance or taper relief when they dispose of Ordinary Shares. Instead, depending upon their

individual circumstances and any available reliefs, they may be subject to capital gains tax at the prevailing rate on any disposals of Existing Ordinary Shares or New Ordinary Shares. For individuals whose total taxable income and gains after all allowable deductions (including losses, the income tax personal allowance and the capital gains tax annual exempt amount) is less than the upper limit of the basic rate income tax band (£32,000 for 2013/14), the rate of capital gains tax will be 28 per cent.

#### ***Stamp Duty and Stamp Duty Reserve Tax***

No liability to stamp duty or stamp duty reserve tax should arise on the allotment of New Ordinary Shares under the Placing.

##### ***(a) Shares held outside the CREST system***

The conveyance or transfer on sale of the New Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

It is the purchaser who is in general liable to account for stamp duty.

##### ***(b) Shares held within the CREST system***

The transfer of the New Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. The SDRT will generally be collected by CREST.

The above statements are intended as a general guide to the current position. Certain categories of person are not liable to stamp duty or SDRT, and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

Any person who is in any doubt as to his/her tax position or requires more detailed information than the general outline above should consult his/her professional advisers. Prospective purchasers of shares should consult their own professional advisers with respect to the potential tax, exchange control and other consequences to them of acquiring, holding and disposing of shares under the laws of their country of citizenship, domicile or residence.

## **14. General**

- 14.1 The accounting reference date of the Company is 31 December.
- 14.2 Minex Exploration has given and has not withdrawn its written consent to the issue of this Document with the inclusion of its name and reports in the form and context in which they appear and accepts responsibility for them. The author of the CPR is a registered professional geologist in the State of Idaho, USA. Neither Minex nor the author holds any shares in the Company.
- 14.3 There are no arrangements in force for the waiver of future dividends. There are no specified dates on which entitlement to dividends or interest thereon on Ordinary Shares arises.
- 14.4 The total costs and expenses relating to the Proposals payable by the Company are estimated to amount to approximately £213,000 (excluding VAT), of which £124,000 will be applied for subscription of New Ordinary Shares. This will result in the net proceeds of the Placing being £261,000.
- 14.5 No person (excluding professional advisers otherwise disclosed in this Document and trade suppliers) has received, directly or indirectly, from the Group within the 12 months preceding the

date of this Document or has entered into any contractual arrangements (not otherwise disclosed in this Document) to receive, directly or indirectly, from the Group on or after Admission fees totalling £10,000 or more or securities in the Group having a value of £10,000 or more calculated by reference to the expected opening price or any other benefit with a value of £10,000 or more at the date of Admission.

- 14.6 The financial information contained in this Document does not constitute statutory accounts of the Company within the meaning of Section 434(3) of the Act.
- 14.7 Save as disclosed in Parts I, IV and V of this Document, there has been no significant or material change in the financial or trading position of the Company since 31 December 2012, the date to which the last audited financial information on the Company has been published.
- 14.8 Save as disclosed in this Document, as far as the Directors and Proposed Directors are aware there are no known trends, uncertainties, demands, commitments or events that are reasonably expected to have a material effect on the Group's prospects for at least the current financial year.
- 14.9 As far as the Directors and Proposed Directors are aware, there are no environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 14.10 Save as disclosed in Part IV of this Document, as regards the Company's three previous financial years, the Company has had no principal investments and there are no principal investments in progress and there are no principal future investments on which the Directors have made a firm commitment.
- 14.11 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company, the Directors and the Proposed Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 14.12 Save as disclosed in Part I of this Document, there are no patents, intellectual property rights, claims or any industrial, commercial or financial contracts which are or may be material to the business or profitability of the Enlarged Group.
- 14.13 There are no service contracts with members of the administrative, management or supervisory bodies of the Company or any of its subsidiaries providing for benefits upon termination of employment.

## **15. Documents Available For Inspection**

Copies of the following documents may be inspected at the offices of City & Westminster Corporate Finance LLP, Stanmore House, 29-30 St James Street, London, SW1A 1HB, during the usual business hours on any weekday (Saturdays and public holidays excepted) from the date of this Document until one month from the date of Admission:

- 15.1 the articles of association of the Company;
- 15.2 the audited financial statements of the Company for the 12 month period ended 31 December 2012;
- 15.3 the letters of appointment referred to above;
- 15.4 the material contracts referred to in paragraph 9 above; and
- 15.5 the written consent referred to in paragraph 14 above.

Dated 5 September 2013

**Copies of this Document are available to the public, free of charge, at the offices of City & Westminster Corporate Finance LLP, Stanmore House, 29-30 St James Street, London, SW1A 1HB during normal business hours on any weekday (Saturdays and public holidays excepted) for a period of one month from the date of Admission.**

## NOTICE OF GENERAL MEETING

# RED LEOPARD HOLDINGS PLC

*(incorporated in England and Wales with registered number 05289187)*

Notice is hereby given that the General Meeting of the Company will be held at City & Westminster Corporate Finance LLP, 2nd Floor, Stanmore House, 29-30 St James Street, London, SW1A 1HB, on 24 September 2013 at 10.00 a.m. for the purposes of considering and, if thought fit, passing the following resolutions.

Each of Resolutions 1-6 (inclusive) are proposed as ordinary resolutions and Resolution 5 and 6 as special resolutions.

### Ordinary Resolutions

1. THAT, subject to the passing of Resolution 5, each of the existing issued ordinary shares of 1 pence each in the capital of the Company be sub-divided into 10 ordinary shares of 0.1 pence each in the capital of the Company, having the same rights, being subject to the restrictions and ranking *pari passu* in all respects with the existing ordinary shares in the capital of the Company (save as to nominal value).
2. THAT, the proposed sale and purchase (“the Acquisition”) as described in the circular to shareholders dated 5 September 2013 (the “Circular”) (as constituting a reverse takeover pursuant to AIM Rule 14), on the terms and subject to the conditions of the agreement (“the Acquisition Agreement”) described in the Circular be and is hereby approved and that the board of directors of the Company (or a duly constituted committee of that board) be and is hereby authorised to waive, amend, vary or extend any of the terms and conditions of the Acquisition or the Acquisition Agreement (but not to any material extent) and do all such things as it may consider necessary or desirable in connection with the Acquisition and the execution and implementation of the Acquisition Agreement.
3. THAT, subject to the passing of Resolutions 2 and 5, the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (“Act”) (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements made prior to the passing of this resolution) to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company (“relevant securities”) up to an aggregate nominal amount of:
  - a. £33,334 in connection with the Acquisition;
  - b. £70,000 in connection with the Placing (as described in the Document);
  - c. £22,334 in respect of accrued fees (as described in the Document);
  - d. £6,800 in respect of commissions due under the Placing (as described in Part V of the Document);
  - e. £30,000 under the terms of the convertible loan notes (as described in the Document); and
  - f. £100,000 in addition to the authority granted pursuant to paragraph 3(a), (b), (c), (d) and (e) above,

and this authority shall unless renewed, varied or revoked by the Company expire immediately prior to the Annual General Meeting of the Company to be held in the calendar year 2014 save that the Company may, before such expiry, revocation or variation of this authority, make any offer or agreement which would or might require relevant securities to be allotted after such



expiry, revocation or variation, and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired or been revoked or varied.

4. THAT, subject to the passing of Resolution 1, the issue of 9,166,600 New Ordinary Shares to each of John May and Simon Michaels that they shall subscribe for following payment of accrued Director's fees to 31 August 2013; the issue of 4,000,000 New Ordinary Shares to Stuart Adam that he shall subscribe for following payment of accrued professional fees and the subscription by City & Westminster Corporate Finance LLP for £20,000 of interest free convertible loan notes in lieu of fees due from the Company be each approved as a related party transaction for the purposes of Rule 13 of the AIM Rules.

### Special Resolutions

5. That, for every ten ordinary shares of 0.1 pence each (created pursuant to the subdivision set out in Resolution 1 above), nine of such ordinary shares of 0.1 pence each in the capital of the Company be and is hereby re-classified and re-designated as deferred shares of 0.1 pence each ranking *pari passu* in all respects with the existing deferred shares of 0.1 pence each in the capital of the Company having the rights and privileges and being subject to the restrictions contained in the Articles of Association of the Company in force at the date of the passing of this Resolution.
6. THAT, subject to the passing of Resolutions 2 and 3, the Directors be and are hereby empowered and authorised pursuant to section 570 of the Act (in substitution for all such subsisting authorities to the extent unused other than in respect of any allotments made, or to be made, pursuant to offers or arrangements made prior to the passing of this resolution) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by Resolution 3 as if section 561(1) of the Act did not apply to any such allotment, providing that the maximum nominal amount of equity securities that may be allotted pursuant to such authority shall be:
  - g. £33,334 in connection with the Acquisition;
  - h. £70,000 in connection with the Placing (as described in the Document);
  - i. £22,334 in respect of accrued fees (as described in the Document);
  - j. £6,800 in respect of commissions due under the Placing (as described in Part V of the Document);
  - k. £30,000 under the terms of the convertible loan notes (as described in the Document); and
  - l. otherwise than pursuant to paragraph 6(a),(b), (c), (d)and (e) above, the allotment of additional relevant securities up to an aggregate amount of £100,000,

provided further that this authority shall unless renewed, varied or revoked by the Company expire immediately prior to the Annual General Meeting of the Company to be held in the calendar year 2014, save that the Directors may allot equity securities pursuant to an offer or agreement which is entered into before such expiry which would or might require equity securities to be allotted after such expiry”

*By order of the Board*  
Robert Coe, FCA  
*Company Secretary*

*Registered Office*  
233-237 Old Marylebone Road  
London  
NW1 5QT

Notes:

1. A member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to exercise all or any of their rights to attend and to speak and to vote on their behalf. A proxy need not be a member of the Company.
2. Completion of a proxy will not prevent members from attending and voting in person if they so wish.
3. A proxy form which may be used to make such an appointment has been sent to all Shareholders together with this Notice.
4. In the case of joint holders each of them may be present in person or by proxy and may speak as a member. If one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners and if two or more of the joint owners are present in person or by proxy they must vote as one.
5. The Company specifies that for a member to be entitled to attend and vote at the meeting (and for the determination by the Company of the number of votes they may cast) they must be entered on the Company's register of members 48 hours before the time of the General Meeting("the Specified Time"). Changes to entries on the register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

