

## Letter to Shareholders from Mr. Jim Megann, President and CEO of Stockport Exploration

HALIFAX, Sept. 11, 2012 /CNW/ -

Dear fellow shareholders,

I am writing today to provide you with an update of the activities of Stockport Exploration over the past five months since accepting the position as President in April.

Initially, much of my time was spent with our equity financing which closed in June. It is a testament to the opportunity Stockport provides shareholders that we raised \$1.1 million in such challenging markets. After our financing, my attention turned to operations and a focus on our exploration program.

Our recent exploration began in earnest in early August. We divided the current program into two stages. Stage one includes mapping and sampling of the quartz vein pebble lag (pebble lag), extending our gradient induced polarization (IP) survey data, and identifying higher potential areas for Pole Di-Pole (PDP) IP follow-up.

From a strategic perspective, there are several reasons we recommended this approach. Essentially, quartz pebble lag is the top of a quartz vein that broke away and, through erosion, likely spread out in the surrounding area. By knowing where the pebble lag is on our concession, and at what gold grades, it allows us to have a better understanding of where the host quartz vein may lie, and if it is likely to be gold-bearing. IP and PDP provide us with data of what the underground structures may look like. Through gaining a better knowledge of the underground geological structures, we can gain a better understanding of what opportunities may be on our concession.

Our objective from stage one, is to prepare for stage two. Simply put, we plan to use the data from the first stage to identify the highest priority targets and undertake a test drill program. We are currently in the process of compiling and analyzing the data and waiting on assay results from a number of our samples. It is our hope, by early October, to announce all of the results from stage one, as well as our intended drill targets.

I visited our Kenyan concessions for the start of our stage one exploration program. The Kenyan Government has granted or is in the process of granting Stockport Exploration more than 2,000km<sup>2</sup> of licenses for exploration. While I was unable to view every corner of our concessions, I was left with two very clear take aways.

First, the level of artisanal activity at Kamwango (our priority target) is substantial for an area that covers 15km<sup>2</sup>. For those of you not familiar with artisanal mining, it is surface mining generally undertaken by the landowner and other prospectors. Locals will often find a quartz vein on their land, and use very rudimentary methods to extract small quantities of gold. When their land falls within our concession, we are ultimately the owner of those mineral rights. However, artisanal workers tend to only be able to access on, or very near, surface gold. Stockport is focused on identifying large deposits that are more often found below the surface soils. Allowing artisanal miners to work the land helps to support good relationships with the community, and in some cases, helps us identify areas to begin more thorough exploration programs.

There are over a dozen artisanal operations working in the Kamwango area. One operation has approximately 150 people working soils and quartz veins every day. Another operation has dug approximately 7 vertical shafts that range in depth from 20-30 metres. All operations on the Kamwango license have been dug by hand. Locals put a tremendous amount of hard labour into their gold recovery operations. It is hard to believe they do all that back-breaking work without consistent gold recovery. Our geological data for Kamwango is still in early stage, but observational rational is quite strong. Visit the presentation section of our website [www.stockportexploration.com](http://www.stockportexploration.com) to see a photo presentation of artisanal activity at Kamwango.

Second, we have put together an impressive land package which we have only begun to understand the potential. Touring our concessions involves a lot of ground to cover. But even just by driving through our concessions, from the roadside, we identified several new potential targets.

Historic geology in the area suggests much of the gold occurs in quartz veins. On the Sotik concession we found an exposed quartz site, where the landowner has been selling quartz ore to artisanal workers who bring the ore back to their homes to process. We also identified sites where British colonials had worked shallow mines for gold, but these sites were not record with the government mining commission. And in several instances locals came to us, identifying new surface quartz veins which they discovered. The bottom line is we are in an early stage on this seemingly prolific mineralized concession. We have much more to do in identifying targets and establishing a priority for their exploration. It is important to note that not all quartz veins carry gold, and even if they do, we would be a long way from determining if the gold is economical to recover. Still, these are interesting, early stage signals.

Change has been constant since taking over as President of Stockport. First, we adopted a new name based on the tenacity and hard work of our namesake community. You can read more about the inspiration of our new name on the website. Next we welcomed CFO, Rob Randall, who has experience in African mining projects and publically-traded companies in general. Rob's experience has proven him to be an exceptional sounding board in terms of both financial and exploration planning. Our next change comes at our Vice President of Exploration level. Matt Rees is leaving us. Matt was instrumental in putting together our impressive land package in Kenya. It was primarily his brainchild to introduce the company to Kenya. While Matt will remain with us as a consultant when required, he has chosen to pursue other options that will allow him to remain closer to home.

I am pleased to announce that Mercator Geological Services, a highly-respected geological consultancy firm headquartered in Dartmouth, Nova Scotia, has been retained to provide geological direction for Stockport and act as our Qualified Person (QP), providing quality control and expert sign-off on our activities. Mercator offers us several unique advantages. As a large organization, they can provide access to professional geologists with diverse expertise. This includes specific commodity experience in gold, silver, copper, lead, zinc, and iron ore deposits. They have experience in Africa and provide expertise in the assessment of geophysical, geochemical and geological data in order to generate specific mineral targets. In addition, as a consultant, Mercator can adapt to our needs and provide cost effective support that matches our exploration activity. The initial assignment for Mercator will be to provide support on two key projects.

Mercator's first assignment will be to analyze and interpret data from our recent first stage exploration activity. Their focus will be on analyzing our IP, PDP, quartz pebble mapping, and auger soil sampling data. This is with the view to identifying our highest-priority drill targets for the Kamwango concession.

Mercator's second assignment is already in progress. They have been tasked with undertaking a regional geological assessment of all our concessions in Kenya and will complete a site visit later this month. Working with our two full-time geologists in Kenya, they are compiling all of our exploration results from the past year and a half of exploration, including historical United Nations and government data. In addition, they are working with our on-the-ground teams that are currently systematically exploring all our concession, mapping and sampling new potential sites for exploration. The end result, expected in late fall of this year, will be a compilation study that will provide us with a better understanding of the opportunities and priorities throughout our entire Kenyan property.

Later this month I will be visiting Kenya again to attend the Mining, Business and Investment Conference in Nairobi. This is the largest mining conference in Eastern Africa and attracts mining operators and explorers, investors, potential joint venture partners and government regulators from the region. The Kenyan Government will be a major participant in the conference and is working hard with companies like Stockport to encourage and support foreign investment in their burgeoning resource sector. My interaction with government officials and agencies to date indicates a supportive government that is anxious and willing to work with foreign companies to advance the economy of Kenya.

Our planned exploration and compilation study will keep us quite busy over the coming weeks and months. You can expect to hear regular updates as each stage completes. Specifically, we will be announcing the results of our stage one exploration and recommendation on a near term drill program. We will also be providing a complete program update following the completion of the compilation study.

I am quite optimistic about the future of Stockport. The end of summer has seen an upswing in the price of gold. Our stock is closely-held and is supported by many long-term shareholders. I believe we are well positioned to benefit from the opportunities that lie ahead. My door is always open. I would encourage any

existing or potential shareholder to contact me directly to discuss the future of Stockport.

Sincerely,

Jim Megann  
President and CEO

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