

Memorandum

Subject: Possible Breach of Non-competition Declaration

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To: Mr. Ken Johnson. Founding Partner Galt's Gulch Chile S.A.

As per your request, we have analyzed the legal scenario arising from a possible breach of the Non-Competition Declaration executed by German Eyzaguirre and John Cobin on November 15, 2012, hereinafter the "Declaration".

In structuring our report, we have reviewed: (i) the profile of the litigation in which Mr. Eyzaguirre has been involved during the last years in Chile, including 19 different cases where Eyzaguirre acted as respondent; (ii) the documentation provided by Mr. Ken Johnson in connection with the incorporation of Galt's Gulch Chile S.A. and its related Shareholders Agreement, executed by Galt's partners on October 19, 2012, hereinafter the SHA; (iii) the Non-Competition and Confidentiality Declaration; (iv) Documents and information available at the Land Registry of Casablanca (with direct jurisdiction on Curacaví), searching for material breaches of the Non-competition Declaration; and (iv) miscellaneous information in connection with the Project that Galt's is currently developing in Curacaví, including several e-mails exchanged between Frank Szabo and Martin Lee Vaughn

As a results of our findings, we can conclude:

1.- Enforceable measures against Eyzaguirre an Cobin.

According to the information we have reviewed, there were two separate documents establishing non-competition obligations against Mr. Eyzaguirre and Mr. Cobin.

1.1 On October, 2012, Ken Johnson, Jeff Berwick, Eyzaguirre and Cobin jointly create Inmobiliaria Galt's Gulch S.A. At the same time those partners of Galt's executed a Shareholders Agreement (SHA). According to the SHA, the Partners agreed to establish a non-competition clause, preventing Eyzaguirre and Cobin to get involved in similar activities as those conducted by Galt's for the term of 1 year.

Unfortunately, such non-competition clause would not be effective at this point, since, according to the First (and only) Board Meeting of Inmobiliaria Galt's Gulch S.A. executed on November 14, 2012, the parties decided to terminate and liquidate the Company. Therefore, the SHA is not existing anymore. In this regard, it is important to note that according to the documentation we had at hand, is still pending to review all the final documents proving such termination as effective.

1.2 On November 15, 2012 Mr. Cobin and Mr. Eyzaguirre executed a Declaration of Non-Competition with Ken Johnson and Jeff Berwick.

This Declaration is effective and binding according to Chilean Law, but in no case GALT's is protected against a possible breach under its terms or it will be in the position to stop, with immediate effect, a project developed by Eyzaguirre and Cobin in Curacavi.

These kind of general Declarations, as effective as they can be in common law jurisdictions, like USA, can be easily challenged at court in Chile, on both legal and constitutional bases, especially if they are not carefully drafted. Unfortunately, this is the case.

We have to note that the content of the Declaration could be not effective enough to provide clear-cut case for a Chilean court. The Declaration is ambiguous in many points and it lacks, of at least, three important elements which would be offered better protection for Galt's:

(i) A detailed description of the scope of business which is protected under its terms, in order to avoid misrepresentations or doubts leading, precisely, to hard and prolonged litigation.

(ii) The absence of an Arbitral Clause in order to speed up the resolution of controversies, since arbitrators are able to provide a more expeditious and knowledgeable decision as compare with ordinary courts, including legal remedies, protective measures and injunction relief.

(iii) the absence of anticipated penalties in the case of a breach, which is usually added to these kind of agreements as a manner to anticipate and repair damages, avoiding unnecessary delays on its payment and the difficult process of evaluate them.

2.- Mr. Eyzaguirre's litigation Profile

Mr. Eyzaguirre's litigation profile shows a clear tendency to create obstacles in order to delay the proceedings by means of legal technicalities and loopholes in documents, like those indicated about the Non-competition Declaration.

According to the existing records available at the Courts of Justice of Chile, during the last 15 years, Mr. Eyzaguirre has been actively involved as a defendant in a broad range of cases, including several breaches of contract.

Eyzaguirre's profile is an important element to consider for Galt's, especially bearing in mind the way in which the Declaration was drafted.

3.- Possible Breaches

The efforts of Mr. Eyzaguirre and Mr. Cobin to buy some land in the proximity of Galts's properties and to try to sell it through Frank Szabo, can be considered as an intention to breach the legal effects of the Declaration, but those acts could not be understood as a material breach by a Chilean court. In that regard, a court will need concrete evidence in the course of a trial, specially in connection with the scope of activities carried out by Eyzaguirre and Cobin and the exact location of land they are offering.

Under Chilean law Szabo, Eyzagurre and Cobin can offer to third parties such land, even if they are not the real owners. However, such posible sale of the land needs to be ratified later by its owner, otherwise is uneffective, being Eyzaguirre and Cobin responsables to repair the damages caused by the failed transaction.

This is also not necessarily a fraud under Chilean Law, but a thin line should be drawn here, especially if they don't use the money they are receiving to purchase the land they are offering.

To have a complete view of this case, we have thoroughly reviewed the Land Registry archives related to Province of Curacaví, and we did not find evidence of any recent purchase by Mr. Eyzaguirre or Mr. Cobin. However, it must be considered that under the Land Registry System in place in Chile, we can not guarantee that they are not purchasing land in Curacavi by means of a third party or through a different company.

4.- Misrepresentations

The possible misrepresentations arising from the descriptions of Mr. Eyzaguirre about the quality and characteristics of the land purchased by Galt's they could be not be accepted by a Court in Chile as a cause of action for damages.

In that regard, the possible effect of the misrepresentations in this case are diminished by the absence of a previous due diligence report aimed to point the hidden faults and burdens of the purchased land.

In the same vein, misrepresentations, or the most similar legal figure in Chile, called **Error**, is an element which is used to void the legal effects of a contract and then to request for damages. Since the contract or any other legal relationship with Eyzaguirre and Cobin is not in place anymore, there is nothing to void.

5.- Legal options

Under the scenario we have described, and according to our experience in similar cases, it is highly possible to anticipate a lengthy litigation process, which could consume years at the civil courts of Chile, specially considering Mr. Eyzaguirre's litigation profile.

If Galt's decide to file a claim, and in the absence of an Arbitral Clause, the only viable option is to file a legal suit at the ordinary courts in Chile, following the common procedure for this case, which entails the possibility to seek for provisional and precautionary measures, especially directed against Eyzaguirre and Cobin's assets (possible land purchased in Curacavi).

However, at this point there are not enough elements to build a strong case to claim a breach of the Declaration or to obtain from the court provisional and precautionary measures, since, as we have explained, there are not enough evidences showing an undisputed infraction to their obligations under the Declaration.

According to the documents we have reviewed, we believe that Galt's position could have enough merit to initiate a trial in Chile if Eyzaguirre and Cobin expressly violate their Declaration by entering in competition with Galt's, being the purchase of land a clear sign of that. However, we have doubts about a possible result at court, since the effectiveness of the Declaration, which is the central part of Galt's position, can be disputed and it does not stand by itself as an unquestionable winning element of the case.

Bearing in mind what we have exposed above, and the pros and cons of the case, we believe that filing a legal suit against Eyzaguirre and Cobin, on these conditions, could be an expensive and time consuming exercise with an uncertain result for Galt's. Therefore, we do not recommend litigation in this case.