

# STONECLIFFE CAPITAL INC. ANNOUNCES QUALIFYING TRANSACTION

TSX VENTURE: SNT.P

FOR IMMEDIATE RELEASE

**CALGARY, ALBERTA – January 13, 2006** – Stonecliffe Capital Inc. ("Stonecliffe" or the "Corporation") (TSX Venture: SNT.P) today announced details concerning its proposed qualifying transaction with Ruby Red Resources Inc. ("Ruby Red").

## **About Ruby Red**

Ruby Red is a corporation that was formed to participate in the acquisition, exploration and development of mineral claims in the Fort Steele Mining Division of British Columbia for the purpose of exploring for precious and base metals. After completing the acquisition of the assets of Super Group Holdings Ltd. ("Super Group") on November 30, 2005, Ruby Red holds 100% working interests in 135 mineral claims all in good standing in various properties in the Fort Steele Mining Division of British Columbia with gold and base metal potential. These claims are all located within 35 kilometres of Cranbrook, British Columbia in the Purcell and Rocky Mountains.

### *Ruby Red's Eddy Property*

Ruby Red retained Richard T. Walker, P. Geo., President of Dynamic Exploration Ltd. to prepare a technical report dated April 18, 2005 (the "Walker Report") under National Instrument 43-101 on the Eddy property of Ruby Red.

The Eddy property is located in the Purcell Mountains, approximately 27 kilometres southwest of Cranbrook, British Columbia. The Eddy property consists of 3,994 ha (9,868 acres), comprised of 21 contiguous claims, staked in accordance with government claim location regulations and two Crown Granted Mineral Claims (the Prospector's Dream and the Bend'Or). The claims are held 100% by Ruby Red, have no underlying interests and have not been legally surveyed.

According to the Walker Report, the area underlying the Eddy property has had a long history of exploration, dating back to the 1890s. Exploration undertaken on the property since 1984 has largely consisted of localized programs intended to extend the known mineralization outward from that defined from previous programs. Prospecting, geological mapping, soil and rock geochemistry, ground magnetic and electromagnetic geophysics, trenching and diamond drilling have been utilized to identify and evaluate near-surface occurrences of gold mineralization on the Eddy property.

According to the Walker Report, Gold, on the basis of work to date, is hosted predominantly by quartz veins within, and/or adjacent to, shears and faults correlated to the Old Bauldy Fault System ("OBFS"), which transects the Eddy property from southwest to northeast and is recognized as an important gold-bearing structure. This fault separates turbidite-affinity Aldridge Formation sedimentary rocks on the southeast, footwall side from shallow water fine-grained clastics of the (stratigraphically overlying) Creston Formation on the northwest, hanging wall side. The OBFS can be a wide deformation zone and, although generally poorly exposed, has been seen at widths of 8 to 20 metres, thus representing a significant volume of rock. Alteration within the fault can be silicious, pyritic, sericitic, carbonate, or chloritic. Gold mineralization associated with the OBFS on the Eddy property is also associated with minor lead, zinc and copper sulfides, as well as antimony, bismuth, molybdenum, tungsten, uranium and sometimes arsenic, supporting a relationship with the suite of Cretaceous granodiorite to monzonite stocks which occur within the district-scale northeast-trending gold system.

A limited diamond drill program of just over 200 metres in nine holes was conducted by Lone Ranger Diamond Drilling Ltd. in the fall of 2003 to test two areas on the Eddy property where previous work had defined anomalous gold within and near the OBFS. Diamond drilling encountered encouraging results

with gold values up to 19.28 grams/tonne. This intersection and a number of other multi-gram gold intersections are within a much larger structure that is prospective for gold. Five of the nine holes drilled returned intervals of more than a gram of gold with the widest anomalous interval being 2.34 grams over 1.15 metres. Gold is typically associated with pyrite and minor galena and chalcopyrite within silicified, sericite- and carbonate-altered sheared zones. The zones of anomalous gold mineralization intersected by drilling are narrow but they effectively demonstrate the gold-bearing nature of the structures. Significant (economic) concentrations of gold can be present where favorable structural sites exist.

The Walker Report recommends further work that should consist essentially of a continuation of recently employed exploration methods which have successfully located surface gold mineralization and outlined potential diamond drilling targets. The Walker Report recommended a two phase exploration program with a proposed budget of \$229,322. Ruby Red completed the first phase in the fall of 2005 which consisted of soil sampling, rock sampling, very low frequency-electromagnetic ("VLF EM") ground surveys, geological mapping, trenching and diamond drilling. Ruby Red has commenced the second phase of the exploration program, which will consist of additional soil sampling, rock sampling, VLF-EM ground surveys, geological mapping, trenching and diamond drilling on the OBFS. It is expected that the second phase of the exploration program will be completed in the fall of 2006.

The Walker Report is currently being reviewed by the TSX Venture Exchange Inc. (the "TSX Venture") and, in accordance with the request of the TSX Venture, information in the Walker Report is being updated by Mr. Walker prior to its acceptance.

#### ***Ruby Red's Loose Leg Property***

Ruby Red's Loose Leg property includes four mineral claims (1042.777 hectares) located approximately 32 kilometres north-northeast of Cranbrook, British Columbia. These claims are held 100% by Ruby Red, have no underlying interests and have not been legally surveyed. The Loose Leg property is situated immediately northwest (and on strike) of the former producing Estella silver-lead-zinc mine at the head of Tracey Creek. Previous exploration activity focused on quartz veins which carry anomalous lead, copper, zinc, silver and gold. Minimal exploration work done by Ruby Red between 2002 and 2005 has included prospecting, geologic mapping and soil and rock geochemistry. A number of areas have been targeted for more detailed work, which includes a large Proterozoic vent complex (with similarities to the giant former-producing Sullivan lead-zinc-silver orebody at Kimberley) that straddles the boundary between the Loose Leg claims and the Super Group claims. A detailed but limited soil geochemistry grid completed over part of the vent complex indicates strong base metal values as well as a strong overprinting by gold-mineralizing processes. During the 2006 fiscal year, Ruby Red proposes to conduct a minimal exploration program in this property which will consist of geological mapping, rock sampling and soil sampling.

#### ***Ruby Red's Spirit Dream Property***

Ruby Red's Spirit Dream property includes four mineral claims (572.144 hectares) located within the Wild Horse River drainage approximately 27 kilometres northeast of Cranbrook, British Columbia. These claims are held 100% by Ruby Red, have no underlying interests and have not been legally surveyed. The Wild Horse River historically has produced around a half million ounces of placer gold and exploration on the Spirit Dream property (and Super Group claims contiguous to the north). Exploration work to date by Ruby Red has defined multi-gram gold with altered and brecciated quartzites. Gold on the Spirit Dream property and nearby on the Super Group claims in the Rocky Mountains is now recognized as being related to low angle thrust faults and high angle cross-cutting fault structures. The strong gold-in-soil anomaly on the Spirit Dream property is permitted for trenching and drilling. During the 2006 fiscal year, Ruby Red proposes to conduct a minimal exploration program in this property which will consist of geological mapping, rock sampling and soil sampling.

### ***Properties Acquired from Super Group***

Ruby Red entered into a purchase agreement with Super Group dated August 3, 2005 (the "Super Group Agreement") pursuant to which Ruby Red agreed to acquire certain mineral claims and exploration data from Super Group. The closing of the transactions contemplated by the Super Group Agreement occurred on November 30, 2005. The purchase price for these assets was satisfied by the issuance to Super Group of a number of Ruby Red Common Shares at a deemed price of \$0.25 per share that is equal to 25% of the total issued and outstanding Ruby Red Common Shares after taking into account the issuance of such Common Shares, the closing of the Ruby Red Private Placement (as described below) and the completion of the transactions contemplated by the Business Combination (as described below). Notwithstanding the above, the Super Group Agreement provided that in the event that Ruby Red is unsuccessful, in whole or in part, in completing the Ruby Red Private Placement, a number of Ruby Red Common Shares issued to Super Group will be cancelled and returned to the treasury of Ruby Red such that Super Group will own 25% of the total issued and outstanding Ruby Red Common Shares after taking into account the closing of the Ruby Red Private Placement and the completion of the transactions contemplated by the Business Combination.

The mineral claims acquired from Super Group are comprised of 106 mineral claims located in Southeastern British Columbia near the city of Cranbrook, British Columbia. The mineral claims form two large blocks (15,837.383 hectares and 17,898.042 hectares, respectively) and one smaller block (of approximately 500 hectares). Ruby Red is in the process of having a technical report prepared under National Instrument 43-101 on these mineral claims (the "Super Group Report"). The Super Group Report will be filed with the TSX Venture for its review and acceptance and, upon such acceptance, the geological information from the Super Group Report will be disclosed in a subsequent news release.

### ***Ruby Red Corporate History and Structure***

Ruby Red was incorporated under the *Business Corporations Act* (Alberta) on December 21, 2002. Ruby Red was extra-provincially registered in the Province of British Columbia on April 11, 2003. The registered and records office of Ruby Red is located at Suite 1250, 639 – 5th Avenue S.W., Calgary, Alberta T2P 0M9 and its head office is located at Suite 207, 239 – 12th Avenue S.W., Calgary, Alberta T2R 1H6.

Ruby Red currently has 11,033,607 common shares (the "Ruby Red Common Shares") issued and outstanding and no stock options, warrants or other dilution, other than warrants to purchase up to 625,000 Ruby Red Common Shares at a price of \$0.35 per share, warrants to purchase up to 365,500 Ruby Red FT Shares (as defined below) at a price of \$0.35 per share, warrants to purchase up to 21,000 Ruby Red Common Shares at a price of \$0.25 per share and warrants to purchase up to 77,500 Ruby Red Common Shares at a price of \$0.20 per share expiring on various dates between December 20, 2006 and March 12, 2007.

The principal shareholders of Ruby Red are Super Group, a private company based in Cranbrook, British Columbia, and Gregory M. Ewonus of Calgary, Alberta, who own approximately 35% and 22%, respectively, of the outstanding Ruby Red Common Shares currently.

Based on audited consolidated financial statements for the year ended December 31, 2004, Ruby Red had no revenue, expenses of \$8,527 and a net loss of \$8,527. In addition, as at December 31, 2004, Ruby Red had total assets of \$155,883 and total liabilities of \$193,373, and a shareholder's deficit of \$37,490.

Based on unaudited consolidated financial statements for the nine months ended September 30, 2005, Ruby Red had no revenue, expenses of \$145,392 and a net loss of \$145,392. In addition, as at September 30, 2005, Ruby Red had total assets of \$408,218, total liabilities of \$257,942, and shareholders' equity of \$150,276.

### *Directors and Officers of Ruby Red*

The current directors of Ruby Red are Gregory M. Ewonus, Douglas Anderson, Adam Scott and James S. Scott.

The current officers and key personnel of Ruby Red are Gregory M. Ewonus, President and CEO; Randall R. Tronsgard, Vice-President, Corporate Development and Chief Operating Officer, Gordon W. Turner, Vice-President, Exploration and J. Dawn Ewonus, Vice-President, Administration and Secretary.

Gregory M. Ewonus is 72 years old and graduated with a Bachelor of Sciences in geology from Colorado College in 1957. Mr. Ewonus is currently the President of Merlin Petroleum Services Ltd., a geological wellsite consulting company which he started in 1966. Mr. Ewonus is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA) and is a member of both the Canadian Well Logging Society and the Canadian Society of Petroleum Geologists. Mr. Ewonus was a director of Tiberon Minerals Ltd., a company listed on the Toronto Stock Exchange, from November 1995 to July 2001.

Randall R. Tronsgard is 55 years old and has spent over 25 years in the investment industry as an analyst as well as an investment advisor assisting his clients to make informed decisions on stock purchases and sales. Mr. Tronsgard was an investor relations consultant with Hedlin Lauder Associates from October 2003 to January 2005 and an investor relations consultant for Prime Capital Corporation from November 1999 to September 2003. Mr. Tronsgard has assisted a number of companies with their investor relations requirements. He has worked with management of the public companies to build long-term relationships with the investment industry.

Gordon W. Turner is 50 years old and graduated from Lakehead University in 1978 with a Bachelor of Sciences in geology. From 1978 to 1984, Mr. Turner held geologist positions with various mineral exploration companies in northern Ontario, the Yukon, the Northwest Territories and southeastern British Columbia. From 1984 to the present Mr. Turner has been instrumental in building oil and gas exploration companies through drilling as a geologist as well as leading teams as exploration manager. Mr. Turner has been the Manager of Exploration for Masters Energy Inc. since November 2003 and prior thereto, was the Manager of Exploration for Sunfire Energy Corp. from September 1998 to October 2003. Mr. Turner is registered with the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA).

J. Dawn Ewonus is 41 years old and graduated with a Bachelor of Arts degree in Political Sciences from the University of Calgary in 1993. Ms. Ewonus has been the Manager for Merlin Petroleum Services Ltd. for 13 of the last 20 years. From 1993 to 1997, Ms. Ewonus was assistant to the Chief of Staff in the Leader of the Oppositions office in Ottawa. Ms. Ewonus was the Office Manager for Juno Environmental Services Ltd. from July 1999 to December 2001 and was instrumental in the initial development and growth of this company. Ms. Ewonus has been instrumental in the setup and ongoing administration of Ruby Red.

Douglas Anderson Mr. Anderson is 60 years old and graduated from the University of British Columbia in 1969 with a Bachelor of Science in Applied Geological Engineering. Mr. Anderson is a Professional Engineer registered with the Association of Professional Engineers and Geoscientists of the Province of British Columbia and a fellow of the Geological Association of Canada. Mr. Anderson has worked in the mining industry for 35 years, of which 29 years were with Cominco Ltd., a Canadian mining company, employed in either an operating mine capacity or as an exploration geologist.

Adam Scott is 36 years old and graduated from the University of Calgary with a Bachelor of Arts degree in 1992 and with a Masters of Business Administration degree in 1996. Mr. Scott has worked extensively with small and startup organizations over the past ten years assisting them with their financial requirements. Mr. Scott brings entrepreneurial experience as the previous owner/operator of his own

business as well as operational involvement with a high-tech startup in Calgary in which he was a Director.

James S. Scott is 53 years old and is a chartered accountant with over 25 years experience providing accounting, audit, tax and business advisory services to a number of companies. Mr. Scott is currently managing partner of Hudson & Company LLP, one of Alberta's largest independent Chartered Accounting firms. Mr. Scott is a former director of two publicly traded companies.

### **Summary of the Proposed Qualifying Transaction**

Stonecliffe has entered into an arm's length letter agreement dated December 2, 2005 and accepted December 5, 2005 with Ruby Red and the principal shareholders of Ruby Red, pursuant to which the Corporation and Ruby Red have agreed to complete a business combination (the "Business Combination") to form a new company called Ruby Red Resources Inc. ("NewCo"). The Business Combination is expected to constitute a Qualifying Transaction of the Corporation as defined in the policies of the TSX Venture Exchange Inc. ("TSX Venture").

The Business Combination will be completed after Ruby Red has completed a private placement on a "best efforts" basis (to be completed in one or more closings) to raise gross proceeds of up to \$500,000 (the "Ruby Red Private Placement"). The Ruby Red Private Placement will consist of up to 2,000,000 "flow-through" units ("Ruby Red FT Units") at a price of \$0.25 per Ruby Red FT Unit and/or up to 2,000,000 units ("Ruby Red Units") at a price of \$0.25 per Ruby Red Unit. Each Ruby Red FT Unit will be comprised of a Ruby Red Common Share to be issued on a "flow-through" basis (a "Ruby Red FT Share") and one-half of a common share purchase warrant (a "Ruby Red FT Warrant"), with each whole Ruby Red FT Warrant entitling the holder to acquire an additional Ruby Red FT Share at a price of \$0.35 for a period of 12 months from the date of issuance. Each Ruby Red Unit will be comprised of a Ruby Red Common Share and one common share purchase warrant (a "Ruby Red Warrant"), with each whole Ruby Red Warrant entitling the holder to acquire an additional Ruby Red Common Share at a price of \$0.35 for a period of 12 months from the date of issuance.

Ruby Red has agreed to pay a cash finder's fee to any arm's length, eligible individuals ("Finders") who arrange for subscriptions of Ruby Red FT Units or Ruby Red Units under the Ruby Red Private Placement. The finder's fee payable to the Finders shall be equal to no more than 10% of the gross proceeds from the sale of the Ruby Red FT Units or Ruby Red Units under the Ruby Red Private Placement. In addition, Ruby Red may grant to the Finders, a number of warrants ("Finder's Fee Warrants") that is equal to not more than 10% of the number of Ruby Red FT Units or Ruby Red Units sold by the Finders. Each Finder's Fee Warrant entitles the holder thereof to acquire a Ruby Red Common Share at an exercise price equal to \$0.25 per Ruby Red Common Share to be exercised in whole or in part on or before the date that is 12 months from the date of issuance.

On December 30, 2005, Ruby Red completed the first tranche of the Ruby Red Private Placement by issuing an aggregate of 731,000 Ruby Red FT Units at a price of \$0.25 per Ruby Red FT Unit for gross proceeds of \$182,750. Ruby Red also issued an aggregate of 21,000 Finder's Fee Warrants to Finders under the Ruby Red Private Placement.

After completion of the maximum Ruby Red Private Placement, Ruby Red will have 12,302,667 Ruby Red Common Shares issued and outstanding and up to 2,537,000 warrants to purchase Ruby Red Common Shares at a prices ranging from \$0.20 to \$0.35 per share and expiring on various dates between December 20, 2006 and March 12, 2007.

Pursuant to the terms of the Business Combination: (i) the holders of the Ruby Red Common Shares will receive one common share of NewCo (the "NewCo Common Shares") with a deemed value of \$0.25 per share for each share owned; and (ii) the holders of the Stonecliffe Common Shares will receive one NewCo Common Share for each existing common share of Stonecliffe owned. The outstanding agents'

options, warrants and stock options of each of Stonecliffe and Ruby Red shall be replaced with agents' options, warrants and stock options of NewCo, as applicable, with identical terms.

After completion of the Business Combination, the NewCo Board of Directors will consist of Gregory M. Ewonus, James Scott, Adam Scott, Douglas Anderson and Kelly Kerr and the officers of NewCo will be the current officers of Ruby Red.

After completion of the Business Combination and the Ruby Red Private Placement, the current Ruby Red shareholders will hold approximately 66.5% of the NewCo Common Shares, the current Stonecliffe shareholders will hold approximately 20.5% of the NewCo Common Shares and the subscribers to the Ruby Red Private Placement will hold approximately 13% of the NewCo Common Shares, assuming completion of the maximum number of shares to be sold under the Ruby Red Private Placement.

Stonecliffe has applied for an exemption from the sponsorship requirements in connection with the Business Combination.

The completion of the Business Combination is subject to the approval of TSX Venture and all other necessary regulatory approval. The completion of the Business Combination is also subject to additional conditions precedent, including shareholder approval of the Corporation and of Ruby Red, satisfactory completion by due diligence reviews by the parties, board of directors approval of the Corporation and Ruby Red, the entering into of a formal agreement, the entering into of employment agreements and non-competition agreements with certain senior officers and principal shareholders of Ruby Red, and certain other conditions.

The Business Combination will be an arm's length transaction as the current directors and officers of Stonecliffe own no interests in Ruby Red.

Stonecliffe announces it has reserved a price of \$0.25 per share for the grant of stock options to acquire up to 10% of the number of issued and outstanding NewCo Common Shares (the "Stock Options") in the event the Business Combination and the Ruby Red Private Placement are completed. The grant of the Stock Options is subject to regulatory approval. The Stock Options will be granted to directors, officers, employees and consultants of NewCo, as determined by the Board of Directors of NewCo following the completion of the Business Combination.

Trading of the Stonecliffe Common Shares will not resume until the TSX Venture has accepted the Walker Report and the Super Group Report and all other documents required by the TSX Venture have been filed. Stonecliffe will issue a further new release at such time as the TSX Venture has received the necessary documentation and trading of the Stonecliffe Common Shares is to resume.

This news release has been reviewed and approved by Peter Klewchuk, P. Geo., a "Qualified Person" under National Instrument 43-101.

For further information contact Keith G. Prosser, President of Stonecliffe at (403) 261-5050 or Randall Tronsgard, Vice-President, Corporate Development and Chief Operating Officer of Ruby Red, at (403) 770-1346.

***As indicated above, completion of the Business Combination is subject to a number of conditions, including but not limited to, TSX Venture acceptance and shareholder approval. The Business Combination cannot close until the required shareholder approval is obtained. There can be no assurance that the Business Combination will be completed as proposed or at all.***

***Investors are cautioned that, except as disclosed in the Information Circular of the Corporation to be prepared in connection with the Business Combination, any information released or received with***

*respect to the Business Combination may not be accurate or complete and should not be relied upon. Trading in the securities of the Corporation should be considered highly speculative.*

*The TSX Venture Exchange Inc. has in no way passed upon the merits of the Business Combination and has neither approved nor disapproved the contents of this press release.*

*Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially. Neither Ruby Red nor Stonecliffe will update these forward-looking statements to reflect events or circumstances after the date hereof. More detailed information about potential factors that could affect financial results is included in the documents filed from time to time with the Canadian securities regulatory authorities by Stonecliffe and Ruby Red.*

*(Not for dissemination in the United States of America)*