

Dear Shareholders and Colleagues,

We recently completed a visit to Cape Town which was at the same time as the Indaba Mining conference last week. This conference coincided with a Jupiter Mines board meeting, strategy meetings and visit to the Tshipi Borwa manganese mine near Kuruman in the Northern Cape. We also recently visited Kenya where we spoke with recently appointed officials and started planning for 2015.

Meanwhile we continue daily to pursue the completion of the Colombia transaction, where we are selling our interest in the El Limón Gold mine. Exploration in Ivory Coast and the testing of the samples from Dabakala and Alepe has been progressing. There has been therefore activity on many fronts.

South Africa

The news from Jupiter continues to be good, with over 2 million tonnes of manganese produced and sold in the year ending February, exceeding expectations. Despite lower manganese prices this business has continued to throw off cash as costs have been tightly controlled. In 2015 there will be fresh challenges including a 10% wage rise which will be common to the industry but the inauguration of the second conveyer belt and a purpose built primary crusher at Tshipi will reduce handling costs and increase efficiency. We hope for the satisfactory performance to continue in 2015 and should any competitors fail to use their rail allocations Tshipi, with the fastest rail loading time in the industry, will be well placed to take up any slack and continue its drive to increasing production and market share.

In the visit to Tshipi we arrived just as a train had finished loading at the load out station where each wagon is filled with 36.5 tonnes in 27 seconds and the 66 wagon train moves under the feeder at a steady 4km per hour. However at the moment there has to be a pause every 8 to 10 wagons because only one conveyer is in operation but from March with two conveyors that will not be necessary and the loading time will become even faster. We then visited the pit which had hardly begun last time I visited, and the stockpiles. Currently Tshipi operates with a fleet of 100 tonne trucks but as production increases it is capable of accommodating trucks some 40% larger. The trucks appear small in the pit photo but have a wheel radius the height of a man. The manganese layer can be seen in the pit under the clay with a slight dip to the north and the west. Of this manganese the top seven meters or so are lower grade material (32%) that is currently stockpiled and sometimes used to blend with material that is significantly above the higher grade spec of 36.5%.

In the year just ending it is likely that Tshipi was the largest



Rail load-out station with departing train



Train at Tshipi filled with 36.5 tonnes moving at 4km per hour



Tshipi Borwa site



Pit with Mn horizons; Mamatwan (BHP) stockpiles beyond

manganese exporter with only one producer being larger but that producer using some of its production domestically. The economies of scale and the well-designed layout of Tshipi mean that it has substantial expansion capacity over time and will remain a market leader in terms of production cost and production volume. The increasing demand of China for imported manganese to replace its low grade (23%) domestic product means that sometimes Tshipi is able to ship its low grade manganese as well. It also has meant that over the last year with the slowdown in the Chinese economy the current selling price of manganese has only declined by 12%, far less than the declines seen in iron ore and most other metals.

Jupiter has shown its capacity to develop and operate Tshipi efficiently; the management share our view that this bottoming area of the market is a potential opportunity rather than just a challenge. We do not expect Jupiter to sit on its laurels now that it is delisted but to remain an active company seeking opportunities. We also hope and expect that it will become a dividend payer, after the strong performance of last year which should enable Tshipi not just to pay dividends up to Jupiter but to repay Jupiter's loans.

During the trip to South Africa we also attended a Gemfields function where again the mood was extremely upbeat reflecting Gemfields' success in the coloured gemstone market and the strong share price performance it had shown. It is a tribute to the Pallinghurst group and its management that in a commodities market where explorers and producers are generally so depressed they are running two stand-out operations that are prospering against the trend: Jupiter and Gemfields.

The general sentiment at the Indaba conference was of course flat – though perhaps not sober. Few explorers and producers had stands in the main hall, we are told and it was mainly full of service providers. We had some meetings on the fringe of the conference which were useful in learning about the cost cutting efforts that producers are making in various commodities including gold and iron ore. There is a level below which costs cannot be cut further and therefore prices must bottom and we have a better feel for that: we are within reasonable distance of those levels now so further downside is limited. In other words 2015 **cannot** be another 2014. Thank heaven for small mercies.

..and elsewhere

In the Ivory Coast we are waiting on results from the laboratories and having received them we will analyse and announce. We are also continuing with applications for other licence areas and adjusting to take account of new regulations. Ivory Coast remains the area with most potential for a positive surprise in our portfolio since some of the license areas seem highly prospective; however as with all exploration at this early stage skill and calculations are not enough; success requires a significant component of luck. All we can do for now is wait.

The conclusion of the Colombian transaction nears and while we understand so well the reasons for small delays in communication and translation it is very difficult to convey these things to anxiously awaiting shareholders, who would have seen a number of announcements that the transaction is proceeding. We are in constant touch with the buyers and will make an announcement as soon as we are able.

Resource Star Ltd where we have an investment was disappointed by slow progress on another transaction where we felt the transition from business plan to actual business at the other company in which we were dealing with was failing to proceed along the expected lines and better opportunities exist. The strong shareholder composition at Resource Star means that the ability to originate transactions and support them as they are implemented should enable Resource Star to move on quickly to a new opportunity.

As ever, we are always happy to answer questions - please contact us by emailing exploration@rrrplc.com

Yours,

Andrew Bell