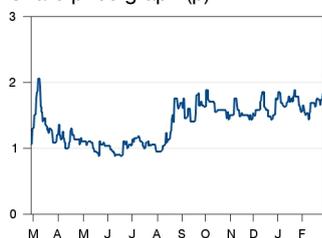


Sector: Mining

Price: 2.0p
 Market cap: £12m
 Forecast net cash (£m) 2.3
 Forecast gearing ratio (%) N/A
 Market AIM

Share price graph (p)



Company description

Listed on AIM in July 2005, Red Rock Resources is now a combination of a junior gold explorer and a mineral property investment company focused on the discovery and development of iron ore, manganese, uranium and gold, primarily in Australia and Africa.

Price performance

%	1m	3m	12m
Actual	22.7	35.0	92.9
Relative*	21.1	16.1	38.8

* % Relative to local index

Analyst

Charles Gibson

Red Rock Resources (RRR)

INVESTMENT SUMMARY

Having completed its Jupiter Mines deal, Red Rock has now come to the end of the first phase of its strategic foray into the steel-feed industry as a mineral property investment company. Lacking critical size in a sector dominated by majors, it has determined to play a passive role in the future consolidation of the industry. As a result, it has invested US\$725,000 for a stake of up to 60% in a company with in excess of 1Moz of gold in Kenya in the measured and indicated categories. It will now become the operator of those assets, on which it intends to produce a bankable feasibility study within the next six years. In addition, its uranium vehicle, Resource Star, is on the verge of re-listing in Australia. Depending on the assumptions used, we estimate Red Rock could be trading at an 89% discount to the value of its net assets (see our note dated 17 Feb).

INDUSTRY OUTLOOK

Red Rock's principle commodity exposures are to gold (42% of NAV), iron ore (40%) and uranium (3%).

Y/E Jun	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	P/E (x)	P/CF (x)
2008A	1.3	(0.2)	(0.2)	(0.12)	N/A	N/A
2009A	0.1	(0.8)	(0.8)	(0.24)	N/A	N/A
2010E	3.5	1.9	1.9	0.34	5.9	6.6
2011E	2.9	1.8	1.9	0.27	7.4	5.8