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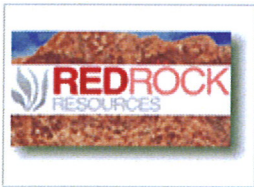
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RED ROCK RESOURCES

[Full Red Rock Resource](#)

Red Rock Resources Plc is a mineral exploration company focused on the discovery and development of gold, uranium and other minerals. The Company through its sale of assets to Jupiter Mines Ltd of which it remains a significant shareholder, is also committed to the pursuit through Jupiter of a 'steel feed' strategy for consolidating large scale interests in iron ore, manganese, and prospecting for other minerals.

Red Rock in pursuit of its goals follows varying strategies, operating through exploration for, and exploiting of, mineral deposits; through the acquisition and disposal of interests in actual or potential mineral deposits; through the acquisition of mineral deposits from companies holding them in exchange for cash, [securities](#), or royalty and other deferred interests; through buy-in agreements; through [ventures](#) with such companies; and through public offerings of securities in subsidiary or associate companies. Red Rock (AIM: RRR) listed on London's AIM market in July 2005.

The principal operational focus of the Company in 2010 is its gold assets in Kenya.

   **Dedicated Red Rock Resources rss feed**



Red Rock looks to a golden future

Thursday, August 05, 2010 by Ian Lyall



Red Rock: lots of projects, but gold is the immediate focus

It used to be hard to put your finger on what exactly Andrew Bell's Red Rock Resources (LON:RRR) actually is.

With large stakes in a steel feed business and a firm specialising in uranium as well as smaller holdings in other mining ventures, it could be described as an investment trust.

But with operations in Kenya and Colombia, it now wants to be seen as a small gold producer with a cash-flow story and plenty of potential.

While it is difficult to pigeon-hole the company, there is one thing you can say about the business – the market just doesn't seem to get it.

That lack of understanding has had tangible impact on the value of the company, according to Bell, the firm's chairman and a former Citigroup fund manager and corporate financier. Based on his analysis, the value of the company in Red Rock's [investment portfolio](#) alone adds up to a significant portion of its current £12 million market cap.

It has a 23 per cent investment in Jupiter Mines Ltd (ASX:JMS), an Australia listed 'steel feed' tie-up with Brian Gilbertson's Pallinghurst Resources and Korean giant Posco, which has the potential to become a major mover in a quickly consolidating market.

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There is also the 26 per cent stake in Resource Star (ASX:RSL), which has uranium assets in Australia and Malawi, but has also discovered en vogue rare earth elements that are used in sustainable energy and electronics, and are rarely found outside China.

Add to that lesser shareholdings in mining ventures such as Kansai Mining (TSX-V:KAN) and Cue Resources (TSX-V:CUE), and it is hard to disagree with Bell's assertion that the market has got it wrong.

Certainly the Jupiter tie-up itself could be a considerable value generator.

Red Rock will soon be diluted back to 5.5 per cent when Jupiter buys a 49.9 per cent slug of the giant Tshipi manganese includes a management agreement, from Pallinghurst and its partners.

But it is a smaller stake in a much larger company - one that is likely to attract a much wider following than it currently does.

Already it has caught the attention of Gina Reinhardt, Australia's richest woman and daughter of mining magnate Lang Hancock is a shareholder.

And there is a belief among the analysts down under that Gilbertson has thrown in the Tshipi stake at a knock-down price.

This may act as an incentive to Singaporean sovereign wealth fund Temasek, which has made little secret of its desire to get in Tshipi in some form.

While we await further news from Jupiter, it is worth also considering what Bell and his team have done to turn Red Rock into a miner with gold projects that have plenty of near-term potential.

Its El Limon mine, one of the oldest in [Colombia](#), could be in full production in three months once the surface plant is up and running.

Three hundred metres deep, the mine is producing 100 tonnes a month at a grade of five ounces per tonne, Bell says.

"We can go up to maybe 100 to a 110 tonnes a day processed through a plant properly which will be at a head grade of five thirds of an ounce per ton and that can be done quite quickly," the Red Rock chief executive told Proactive Investors.

With the surface plant working, the group will also be able to get the nearby La Aurora mine up and running, though Bell anticipates the project will run that smoothly.

"In fact we are certain it won't, even though everyone in the Red Rock offices except me is working full time on gold now with a wry smile.

"Something will go wrong. But even with everything going wrong, we are going to have a reasonably profitable gold mine.

Bell says conservatively he can see the mine producing around 30,000 ounces a year, though he admits it is difficult to give a forecast.

It is just as difficult to estimate the size of resource in place in El Limon, though very preliminary work suggests the project is large.

"On the available information – and this is nothing conclusive – we would say the grade is improving with depth," Bell says.

"Thirty kilometres to the south there is our Machuca mine on the same vein system. To the east we found a 10cm wide vein on surface, near a river bed. Just to the south of El Limon we found a vein along strike and within the license.

"Our geologist thinks this is the same vein all the way. This is not untypical of mesothermal systems. Nobody has ever looked for that way or acquired land on that assumption.

"When we get to deeper levels we will drill and generate a resource. But we know we have exploration upside."

The way Bell and his Red Rock team have structured the deal with joint venture partner Mineras Four Points (MFP) is in



The British company is lending MFP US\$2 million which will be used to develop the Colombian project. In return Red Rock interest payments at 5 per cent as well as quarterly consultancy payments of US\$200,000, rising to US\$350,000 over the term of the loan.

"On top of that if our total return on everything is less than 15 per cent EBITDA, we get a compensating payment to bring Bell explains.

"With the various payments we think that from a US\$2 million loan, we get at least US\$5 or US\$6 million back and the deal protected."

That cash will fund the second part of the deal, which gives Red Rock a two-year option to buy 50 per cent of MFP for US\$1 million. And there is a three-year option to buy a further 1 per cent for US\$1 million.

"I anticipate we will go to 51 per cent as soon as we can," Bell says. "But the thing more or less pays for itself because we're getting US\$2m and we are getting US\$5 million or \$6 million back. That money will buy us control."

While in Colombia the group has production but no resource estimate to speak of, the opposite is true of Kenya.

It has a 1.2 million ounce indicated gold resource along the Migori greenstone belt on the border with [Tanzania](#).

While big operators have been active in Tanzania, nobody has really looked closely at [Kenya](#), where in the south the geology is the same.

"Migori is a big story," says Bell. "Barrick and AngloGold have several deposits in the area. In fact Barrick's North Mara is 100 kilometres away from us.

"The only difference is it is on the Tanzanian side of the border. Everyone is concentrating on Tanzania. We are on the Kenyan side."

"The last time anyone got a mining licence in Kenya is a while ago; we can't remember.

"GoldPlats appears to be getting one now. We have 1.2 million ounces of resource there. We've got a lot of scope to work on a terrific asset and we got it really cheap."

While Migori is a huge undertaking, there is one shorter term opportunity and that is to process the tailings at the Macaladi site, where the gold grades are reasonably good and the precious metal is easy to recover.

But this will still take time (nine to 18 months, Bell estimates) and money.

"If we can start producing from tailings in Kenya and if we can produce US\$36 million-worth of gold relatively cheaply, we can generate cash-flow from that to develop Kenya.

"We want to get to the stage where we are cash-flow positive not just from on-off deals but from production. That will be a relief off our shoulders."

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Red Rock Resources in deal to acquire 60 pct of Migori gold project in Kenya

Red Rock Resources PLC (AIM: RRR) said it entered into an agreement with Kansai Mining Corp Ltd allowing up to 60 percent of Kansai unit Mid-Migori Mining Co Ltd, a Kenyan group which owns the beneficial title and r the Migori gold project in the country.



Red Rock Resources : Building a steel feed business in a JV with Pallinghurst

Red Rock Resources is on course to leverage significant added value from its JV stake in Jupiter Mines.



Andrew Bell of Red Rock Resources Speaks to Proactiveinvestors

Andrew Bell, CEO of Red Rock Resources speaks to Harry Norman of Proactiveinvestors about joint ventures the next 18 months and his thoughts on the prospects for iron ore and manganese.



Red Rock Resources' recent activity suggests a bigger game plan is in play

However, Pallinghurst Resources' interest in the iron ore sector could act as a trigger for cleaning up Red Roc and focusing its business on three investments – uranium, iron ore and manganese.

Red Rock Resources has a multi-faceted asset development approach

Red Rock?s business model is skewed towards acquiring large amounts of early stage projects, adding value results

Is Red Rock Resources on a Roll?

The company has thus been busy though it is not rushing headlong into the Chiwefwe project as management view that given the very positive outlook for manganese it is worth taking the time to optimise each stage of the

Red Rock Resources Manganese project could tip the balance

It appears that mining cash cost should be favorably low too with simple mining methods and low strip ratios, f hitch? appears over how Red Rock gets the ore to market.

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