

Dear Shareholders and Colleagues,

In writing to you last year, we have increasingly been dwelling on Jupiter Mines, in which we have a small stake of 27,324,375 shares, and on the huge improvement in Manganese prices since their artificial lows at the beginning of the year. Our last newsletter in October dealt quite extensively with this.

Since then, the news we hoped for and anticipated was released. Jupiter is to make a distribution from the profits of the Tshipi mine. Nor is that distribution a small one. To quote the Jupiter announcement, "the Tshipi distribution...constitutes some 50% of the capital investment made to establish the mine", and Jupiter is adding some other revenues and cash resources so that its own distribution will amount to AUD73m. Our share will be about £530,000.

The distribution is expected to be made by an *equal access share buy-back* that will conclude in early March. This term has caused some puzzlement among British followers of the Jupiter story, which includes our shareholders. In Australia this efficient method of returning money to shareholders by means of a buy-back is permitted, and provided it stays within the 10-12 rule (not more than 10% of stock in a 12 month period), requires no shareholder approval. All shareholders are asked to accept, and if they all (or virtually all) do so, as is likely in this case, their ownership of the underlying business is unaffected, so that this distribution method operates in much the same way as a dividend.

The price of the buyback has not been determined, but on November 24th The Australian wrote, extensively quoting Jupiter sources including former BHP CEO Brian Gilbertson:

"Brian Gilbertson's Jupiter Mines is plotting a return to the ASX lists after nearly three years in the wilderness as an unlisted public company thanks to bumper earnings and dividend flows from its 49.9 per cent-owned Tshipi manganese mine in South Africa.

Mr Gilbertson..... said Jupiter was also fielding bids for Tshipi, which is adjacent to the Mamatwan manganese mine, operated by the BHP spin-off South32.

While Mamatwan has been in production for 46 years, Tshipi is a recent development which mines the same mineralisation on the Kalahari manganese field. During its development and early start, Jupiter shares dropped to as low as 10c a share.

That valued Jupiter at about \$200 million, prompting Mr Gilbertson to delist from the ASX because it was felt the market was not properly valuing Tshipi for the type of scale and long life (60 years) asset that he believed it would become.

The recent surge in manganese prices to eight-year highs of more than \$US7.30 a dry metric tonne unit (dmTU) for Tshipi grade ore, and the optimisation of the mine, means it is now throwing off cash....Jupiter is to distribute.... [AUD 73m] to its shareholders, with more to flow next year if manganese prices remain strong. The distribution will be by way of a share buyback at a price expected to be at a multiple of two to three times Jupiter's last sale price on the ASX.....

Mr Gilbertson said shareholders who originally went in to the listed company had a "material interest in seeing a value placed on the company by international markets".

"Because it has remained a public company throughout this time, I think a relisting would be relatively easy. On the other hand, we have had expressions of interest from other players in the mining business in this asset. And so we would look at those as we go along."

He said both merger interest and bids for Tshipi had "floated across the radar screen".

The specific suggestion of 20-30c per share, some three times the value per share at which Jupiter is held in our books, for the buy-back we believe to be a misquote, and that the phrase used may well have been 'a multiple' of the delisting price, but otherwise the article appears well-sourced and a good background summary.

The Red Rock Annual Report stated the carrying value of our holding at £1,483,119. If the valuation put on the stock for the purpose of the equal access buyback were 30c a share, this would equate to a valuation of £5,001,750 on our holding. At 60c, it would equate to £10,003,500.

Our valuation target for this holding is 60c or above, but the price at which this initial distribution will be made is yet to be determined and may not reach this level.

It seems clear that either a sale or a relisting are on the agenda for Jupiter. A shareholder information session, to which the public are invited, is scheduled for 12.30 pm Sydney time on 23rd January "to discuss the upcoming share buy-back and plans for the future of the Company", and there will also be a board meeting held that day. Further information is likely to be available at that time.

At Shoats Creek, Migori, Ivory Coast and Colombia we will announce developments as appropriate.

Yours,

Andrew Bell

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