

Dear Shareholders and Colleagues,

### ***Jupiter Mines – Manganese Prices***

In the interim results released on 31<sup>st</sup> March we commented briefly on our interest in Jupiter Mines Ltd, writing “Jupiter Mines Ltd, where the Company retains a holding of 27,324,375 shares (c. 1.2%) and which operates the Tshipi Borwa manganese mine in South Africa, has benefitted from the recent sharp rise in the manganese price and as one of the most efficient and significant operators in the global manganese market is operating profitably off a carefully controlled cost base”.

Manganese, like iron and some other commodities, reached its lows in January-February, when the FOB Port Elizabeth price for 37% ore was about \$1.40 per DMTU (dry metric tonne unit). At that price it is unlikely that any producer was making money. The bounce, here as with iron ore and oil, was very sharp. Scarcely a month later the price had doubled to nearly \$3/DMTU.

Most observers were happy to see what was probably their year-end target achieved so quickly, and were unsurprised by the slight retracement that followed. By the second half of the year the price had strengthened again to the level reached in the Spring, but in recent weeks something extraordinary has happened. Persistent demand has seen the price bid up to over \$6/DMTU, with premia for forward delivery, and it currently sits at \$5.90/DMTU. Translated to South African Rand, these are record prices.

The Tshipi mine is in the happy position of being sized for a higher production, and has the quickest train loading time in the region, so is able to respond fast to market conditions. Tshipi é Ntle has a February year end, so a third of the year is still to come, but the value of our Jupiter holding is something we and our investors should keep an eye on. Once the first dividends are paid, whenever that may be, it may be possible to put a more accurate valuation on our holding than we have done so far as we will be able to compute a dividend or an earnings yield valuation.

The presentation at the Jupiter AGM has one or two useful slides: <http://www.jupitermines.com/images/jupiter--geegheenge.pdf>

Whatever happens in the remainder of the year, these developments have been positive. And we have some impressive pictures of the pit at Tshipi, which is now very large, to include in our Annual Report.

### **Shoats Creek – Louisiana, USA**

At Shoats Creek the Company continues to work with the new management team installed by Mayan Energy AIM: MYN (formerly Northcote Energy) in order to determine the way ahead. The name change to Mayan seems to indicate that Mayan intends to begin to focus on opportunities in Mexico, which initially we found confusing, but as Shoats Creek continues to form a baseline cash generative asset for Mayan, and they seem to be increasingly aware that their credibility in their larger plans will be built by making a success of Shoats Creek, we consider that our interests in the project should remain well aligned.

While there have been delays in the development of the field so far in 2016, partly due to the anticipation and execution of management and board changes, the changes at Mayan would appear to have brought both fresh faces and renewed energy to driving Shoats Creek forward for investors. We look forward to announcing specific developments as these unfold.

### **Migori Gold Project - Kenya**

In Kenya the Company continues to work with the Ministry and local officials in order to seek a resolution to our outstanding licensing issues. We undertook a short visit in October to maintain momentum and ‘press the flesh’.

With constant effort to and with our longstanding interest in partnering on projects in Kenya we expect in time to break the existing logjam and start to demonstrate the value inherent in our interests there. Given that this value is likely priced out of the shares currently, we are very conscious that any movement here might feed directly into a share price improvement, so that pursuing options here is a high value activity for us.

#### **Four Points Mining – Colombia**

Lastly, regarding Colombia we have announced our active discussion with the buyers of our gold assets regarding the convertibility of the Promissory Note that formed part of the original sale. Any developments we will announce, but no-one involved doubts that we will pursue our rights in this matter. The buyers of El Limon have built a reasonably sized public company off the back of the assets purchased from us, and when we deferred part of the consideration by the Promissory Note it was with the agreement and understanding that we would get liquidity in circumstances such as these.

We have emphasised throughout the year the prospect of income at Shoats Creek, from Colombian gold royalties, and from Jupiter dividends. The first two of these have started to be realised; the third cannot be far away.

The team remains active in exploiting and progressing the existing portfolio of assets, any one of which could be seen to justify our current market capitalisation. While it remains disappointing that commodity market investors in this climate might choose to wait for one of these efforts to feed into the Company's bottom line before recognizing this reality, it may turn out that with one result comes a reappraisal of the entire Red Rock portfolio. We will continue to drive the Company forward to see that this is achieved.

Yours,

Andrew Bell

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