

UPDATE 1-Red Rock to produce gold Colombia mines by year-end

Tue Nov 9, 2010 11:07am EST

* Sees production at second mine earlier than expected

* Says short-term funding in place

* Shares up 48 percent (Adds details)

Nov 9 (Reuters) - British gold explorer Red Rock Resources Plc ([RRR.L](#)) said it would start production at its second mine in Colombia earlier than expected, sending its shares to an all-time high.

The company said it has short-term funding in place to start production at the Machuca mine along with its El Limon mine by the end of the year.

"The plan had previously been to leave Machuca development until a later date, when it could be developed with cash flow from El Limon.... However it has been found operationally more efficient to conduct the development of the two mines in parallel," Red Rock said in a statement.

Red Rock said it would pay \$250,000 more to Mineras Four Points SA (MFP), which holds exploration and mining rights over the mines.

In June, Red Rock had entered into a funding and co-operation agreement with MFP with an initial budget of \$2 million.

Under the deal, the company could acquire 50 percent of MFP for \$6.5 million within two years, and a further 1 percent for \$1 million within three years.

Red Rock shares, which have risen nearly four times since the company announced the funding deal with MFP, were up 39 percent at 8.7 pence at 1607 GMT on the London Stock Exchange. (Reporting by Tresa Sherin Morera in Bangalore; Editing by Don Sebastian)

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