REDROCK RESOURCES

News
December 2011

Dear Shareholders and Colleagues

The last week has seen the release of four RNS announcements to the Stock Exchange in three business days.

We have applied a greater rigour and a more critical approach to our releases, as part of a process of overhauling and professionalising every area of our operations. That has many benefits, and you will have seen for example better graphics than we have provided historically accompanying our text. But it has a downside, in that the private shareholder, even with a glossary, may find it harder to understand the purpose and meaning of what we announce if the RNS is too complicated. We have noticed the varying reactions to the different announcements, and have already learnt some lessons about how to make our announcements effective in addressing both a technical and a lay readership. The utility and immediacy of bullet points, and what to include in them, is one. The benefit of providing an effective summary is another. Giving a simple explanation of the technical workings of what we describe, is yet another.

Here in any case is a short summary of each announcement:

KKM Resource Estimate

(link)

Our intention was to show that we had started the process of rolling out new JORC Resource figures for the different deposits at Mikei, with the largest, KKM, the first to be announced, and to state the next steps: in this case, adding in KKM West soon and getting a pit shell design prepared so that we can assess whether we can proceed with a feasibility.

We note the possibility of the deposit being open at depth. We carried out a long drill and exploration campaign, designed to test and improve on the precision of the previous results. This was something very necessary but until now had produced no immediate reward in the form of public announcements (or shareholder appreciation). After this first one we expect the floodgates to open with a stream of Resource and drill announcements. One positive was that we were able to increase the cut-off grade from 0.25 g/t to a much more credible 0.5 g/t without significant loss in Resource ounces at KKM. We did not say one thing, though it should be obvious, which is that we will also do some metallurgy now at KKM.

Greenland Results

(link)

It is early days for us in Greenland but the first exploration season succeeded beyond our wildest hopes, in identifying areas of apparent high grade iron ore mineralisation,and in showing a real prospect of large tonnages. These are the necessary preconditions of a successful project in such northerly latitudes, so our intention was to show that a decision to proceed to the second year's programme under our farm-in arrangements might be justified. We are also proud of the quality of our exploration and organisation this year; both reached a new level for us.

A message from project manager, Gary Hurst:

"Before field work commenced, very little was known about the geology at Melville Bugt. We were interested because of exploration success in northern Baffin Island, and the Archaean terrain of north west Greenland. With a team of geologists, rifles, and geological hammers, we went to an area just south of the northernmost permanently inhabited town. The results have surpassed our highest expectations. In the first geological reconnaissance of the region, we have discovered six key iron ore exploration targets with tremendous future potential. In the mineral exploration industry this doesn't often happen: we went from grass-roots exploration to identifying mineralisation, discovery of major targets, testwork and the start of drill planning, all within the course of only 2 ½ months field work. We are excited about the future of the Melville Bugt Project with next year unlocking the answers to many of our questions"

Red Rock is now on Facebook and Twitter! Click the links to like / follow:

Gary (far left) and the team in Greenland

Red Rock Resources Plc, 115 Eastbourne Mews , London W2 6LQ Tel: +44(0)2070995840 / Fax: +44(0)2070995841
Regd Office: 55 Gower Street, London WC1E 6HQ
Incorporated in England and Wales Co. No. 5225394

REDROCK RESOURCES
News
December 2011

Colombia Mine Planning

(link)

This was our most misunderstood announcement! The announcement was not of updated estimates for the amount and type of gold in the mine, as one paper reported, but was on mine planning, and was not 'disappointing mining data'. I know that it was reported in that way by some early news services, but as the figures attaching plans were not downloadable for 3 hours from the RNS release due to a server problem at the Stock Exchange, they could not read it in the way intended, and nor could some of those who posted in chat-rooms, and therefore they misinterpreted in a strikingly perverse way. It becomes clear with the diagrams.

We are dealing at El Limon with a vein dipping at about 42 degrees to the west; between level 6 (accessed down a shaft from level 0) and the slightly deeper level 7 we are deriving mine production. For the first time we announce here how much more gold we expect to get from this level before going down to open up level 8. That is important information, giving a greater degree of predictability and certainty.

It's the first time we've done it; it says nothing about what is in level 8 and any future lower levels, or along strike. So it is not a reserve estimate in any sense. It isn't limiting reserves; it is defining the developed ore envelope for short term mine and production planning, and a great step forward.

It tells one the important information of how much gold we think remains in the panels between levels 6 and 7, which are already developed. 'Developed' in this context with underground mines has a specific technical meaning, (vide para 2, 'that defined between levels 6 and 7, which is fully developed'), meaning that the infrastructure to support production is prepared and paid for ahead of the production face, to facilitate future exploitation. Once again, this is about mine planning, and our introducing proper mine planning practices to give visibility to future earnings and production. It is not about resource.

If you see, we have the two levels 6 and 7 opened up, and we have surveyed, and we have accessed the panel areas, and we have taken samples at 2-5m intervals. So we can be fairly precise as to potentially mineable material: we are not dealing with many unknowns, and we are using reputable and established techniques in surveying and close sampling. In order to control the free use of terms like 'Resource' and 'Reserve' by speculative explorers and promoters use of these particular terms is closely regulated by the Exchange and they must be given under modern codes of practice such as that issued by the JORC. We did not do that, or need to. We are a step further along, in that we are actually in production and developing ahead of an existing face, but we thought it right to clarify by disclaimer that we are making production statements rather than resource statements. That clarification was misinterpreted by those who thought we were admitting our calculation of developed mineable ore was pure guesswork and in some way disreputable and substandard.

One implication of our figures (which we do not draw) is that at a level of production of gold three times the current we expect to have six months production from developed areas, and feel confident that with further development/exploration we can identify another twelve from ore extensions, before going deeper. Also that there are in places pods of very high grade, which we have cut in forecasting.

What's not to like about that? It should have been taken very positively, as giving better visibility of production, and much upside. Of course, if it is read to suggest that all we think we have in the mine is this material mineable in the next few months, then it will be taken negatively. But we did not write that.

Greenland License Enlargement

(Link)

Our intention was to show that we had been granted the area applied for in the middle of our initial areas. Our geophysicist had identified this area as of great interest, and this is now confirmed both by sample results and by the magnetics we flew this year. There are a number of significant new targets.

And we wanted to show how the magnetic and geophysical interpretation supports the results of the sampling and mapping programme, and provides further evidence of large scale potential. The magnetic signature is likely to identify magnetite (Fe_3O_4); what we really want is to find easily accessible and high grade iron in the haematite (Fe_2O_4); form, that has potential for direct shipping ore (DSO). Haematite is non-magnetic, and so not picked up by this geophysics, but the haematite is likely to be proximate to or spatially related to the magnetite. Its detection in quantity is likely to be a more subtle exercise. Note De Dodes: there we see no clear magnetic signature, but as last week's announcement makes clear, we had some good sample results and the photographs look exciting. Is this a significant body of haematite? Only drilling and further exploration will tell. And Haematite Nunatuk: right on the edge of a very large magnetic feature, is this (so to speak) the tip of the iceberg? We really don't know, but these are among the questions that a short study of our announcements will throw up, and that we cannot answer any better than you.

Red Rock Resources Plc, 115 Eastbourne Mews , London W2 6LQ Tel: +44(0)2070995840 / Fax: +44(0)2070995841
Regd Office: 55 Gower Street, London WC1E 6HQ
Incorporated in England and Wales Co. No. 5225394

REDROCK RESOURCES
News
December 2011

DON'T FORGET

ANNUAL GENERAL MEETING

11am, 23rd December

Hilton Paddington, 146 Praed Street, London W2 1EE

So, that's the announcements

We had pushed our consultants and laboratories hard to make these results from our work this year available in time for the AGM and before the Christmas/NewYear season. If we did not have them before that, a one month delay was likely; if we did, we could include them in the Presentation we give at the AGM (and simultaneously post online) and would be able to answer questions more freely. Also we would have the information we need for our planning exercise in January. Fortunately, everyone co-operated to make things possible. We have not yet released the scoping study for the tailings in Kenya, which we are still pursuing, but all else scheduled has been released. We can say that the first year of exploration in Greenland has been both lucky and successful, that in Kenya the results are good to promising, and that in Colombia, we have not just production but also some earnings visibility, as mine development takes place: a process that radically increases the value of this asset.

All our projects have therefore progressed this year. Colombia not as fast as originally hoped, but we showed our mettle when it was delayed by immediately taking control, and the business is already quite profitable for us. Kenya steadily, but we hope to increase the pace now. Greenland which was not even a glimmer in our eye a year ago has proved that even in a difficult year we have been able to take bold and successful initiatives, and that we have come of age as an explorer.

What advanced the most? Probably shareholders generally would be surprised by the answer: Jupiter Mines (and by extension Mt Ida where we have a royalty) has clearly progressed the most, though least appreciated both here and in Australia. The Tshipi manganese mine is advancing towards production in mid-2012, the feasibility on the Mt Mason haematite project is nearly done, and the huge feasibility study on the Mt Ida magnetite project is half way through or more. Unfortunately, the price of Jupiter has suffered from the lack of 'new news' as these long-term projects progress and the market slides: the chart of Jupiter and the chart of Red Rock are uncannily similar, showing the high correlation of the two prices.

As Jupiter nears production, I see no reason why this correlation might not work on the way up as it has on the way down. Our view is to take a calm and robust view of the prospects and not be put off by short-term market factors and general depression.

We are in a long-term business

These are all positive developments. Although this has not necessarily led to an increase in the share price, our share has been actively traded. This in itself is important. It enables those who no longer believe in the company and its projects to sell, and new buyers to replace them. It is better that high liquidity should encourage sellers to sell quickly, and prevent them being locked in, so that a new group of shareholders with a low base cost comes into being.

Of course our preference would be that shareholders who sit on losses and feel gloomy start to feel optimistic again, stay with us, and make money with us. Naturally we wish that. We do not like to see any shareholders lose money. But human psychology rarely works so rationally as we would like, and the reality is that some stale buyers at higher prices have lingered on and affected the price.

It is curious to recall that in January 2009 our price was 0.4p and our market value £1.6m. Those were bad times, when there was little confidence that we were not going into depression and none that funds would be available for the smaller companies in the market. Even in June of last year our price was 1.7p a share, but by the beginning of November it was 16.5p a share. Undoubtedly excitement was high at the peak, and much volume of trading took place. Many must have paid 17p or more for shares, ten times what they might have bought them for in the Summer. Performance since then looks bad; performance since June last year or January last year or January the year before looks respectable. One's starting point influences one's attitude.The company itself has advanced in every respect. The Accounts reflect this, though imperfectly. We hope for another good year, as I reported, with another good set of reported figures. Perhaps we will see a repetition of the 'piece of elastic' effect we saw last year, where undervaluation persists and persists and persists, and the share, like a toy train pulled by elastic, does not move. Then, suddenly, it moves, and possibly moves too much. We would prefer the steady progress in the business to be reflected in steady progress in the share price. "These violent delights have violent ends", and last year we were at times loved too much.

The AIM market has continued to see a net exodus of companies this year, though at a declining rate. The net change in companies listed from 1999 was 56, 175, 105, 75, 50, 267, 376, 235, 60, -144, -257, -96, and -41 in the year to September. In the 3 years 2004-6 there were 878 net new companies, in 2007 the total listed were 1694, and now the number listed has declined to 1156. Those three years, of what I would call the 'RAB effect', changed the market; the shake-out came; confidence and equilibrium are only now being restored.

We are survivors, and we should not forget that. We proved resilient then, and we are stronger now. We are well-traded, because we have a strong, vibrant, and sometimes opinionated shareholder base. We want to communicate with them as well as possible. For those in the North, we hope to mount presentations in Northern cities in the first part of 2012 so that we can meet you. For those nearby, we hope to see you at our AGM.

For those unable to attend that, we shall take an early opportunity to field your questions by telephone.

Meantime, from all of us here, Happy Christmas and a prosperous New Year!
Andrew Bell *Executive Chairman*

Red Rock in the press:

- *"Red Rock Resources expands Melville Bugt licence area to 1,571 sq km"* **(link)**
- *"Red Rock Resources shares surge after it unveils significant iron ore province in Greenland"* **(link)**
- *"Red Rock posts 577,000 ounce JORC resource for KKM prospect in Kenya"* **(link)**

Red Rock Resources Plc, 115 Eastbourne Mews , London W2 6LQ Tel: +44(0)2070995840 / Fax: +44(0)2070995841
Regd Office: 55 Gower Street, London WC1E 6HQ
Incorporated in England and Wales Co. No. 5225394