

## RED ROCK RESOURCES PLC

www.rrrplc.com

**Recommendation: Buy**

<b>Price:</b>	0.93p	<b>Market Value:</b>	£4.3m
<b>Ticker:</b>	RRR	<b>Sector:</b>	Mining
<b>12 month trading range:</b>	3.13p – 0.38p		
<b>PE:</b>	n/a	<b>Yield:</b>	0%
<b>Shares in issue:</b>	462.47 million 0.1p ordinary shares		
<b>Net cash:</b>	£150,000 (estimate as at 1 <sup>st</sup> May)		
<b>Net assets:</b>	£1,350,000 (estimate as at 1 <sup>st</sup> May)		
<b>Listing:</b>	AIM		
<b>Significant shareholders:</b>	Regency Mines plc 29.4% Sunvest Corporation Limited 3.9%		
<b>Financial calendar:</b>	Interims - March, Finals - December, AGM – January		
<b>Business:</b>	Mineral exploration and mineral investment company with interests in iron ore and manganese in Australia and Zambia; plus uranium investments in Africa and Australia.		
<b>Recent fundraising:</b>	£150,000 on 19 <sup>th</sup> May		

## Gold cashflow and £3m war chest to fund opportunistic acquisitions

The recent history of Red Rock Resources has been dominated by the company's joint venture with Pallinghurst, which has seen the two partners gain a substantial stake in Australian Stock Exchange-listed Jupiter Mines Ltd which is transforming itself into a steel feed business. Red Rock appears to have taken this project through to a successful conclusion.

On 17 April 2009, Red Rock announced a move into gold. This might at first glance look like small beer compared with Jupiter Mines and Pallinghurst's billion dollar investment plans. However a clever investment in gold looks as though it could provide the Company with a substantial cash flow within months.

Red Rock is now focussed on (a) cash flow and (b) unlocking the value of its assets. It may deserve a substantially higher valuation for a number of reasons that are listed below.

- The economic downturn presents a great opportunity to create a steel feed business. With experienced management and Pallinghurst's capital backing, investors could be seeing the creation of a 'BHP in exile' at Jupiter Mines. As this story unfurls the value of this Red Rock investment looks set to rise significantly.
- The move into gold by buying small and modular mobile mills is designed to provide near immediate cashflow. Under a special deal these mobile mills are being purchased at cost. They are sufficiently large at 50-100 tph to provide scale economies and could see a pay back on the first contract.
- On a typical project, the board believe that a single mobile mill working round the clock could generate AUD\$200,000 a month or more of revenue after costs to be split between Red Rock and the site/mine owner.

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19 May 2009

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