

## Regulatory Story

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**Company** [Red Rock Resources plc](#)  
**TIDM** RRR  
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### **Red Rock Resources plc** ("Red Rock" or the "Company")

**Final Results announcement for the year ended 30 June 2008**

**Dated: 24 December 2008**

#### **Chairman's statement**

Dear Shareholders

I am pleased to present to shareholders your Company's annual report for the financial year to 30 June 2008. Although the world with the financial and commodity markets within which we operate are in crisis, we believe we have been able to position the Company to survive, and can still speak of progress in some of our long-standing strategies, small mercies but mercies nonetheless. The year has been one of swimming against a strengthening tide merely in order to remain in place, as the transactions we planned took much longer to bring about than we had anticipated.

My first task therefore is to thank shareholders for their patience and support. We shall try to be worthy of it.

#### **Summary**

The Company reports the following developments in the financial year to 30 June 2008:

- Share price decline from 3.5p to 2p;
- £1,350,000 before expenses raised from share placings at an average price of 1.9 pence;
- Sale of uranium assets to ASX-listed Resource Star Limited ("RSL");
- Acquisition and partial sale of a 10.2% shareholding in Mindax Limited ("Mindax");
- Acquisition of an 8.8% shareholding in Jupiter Mines Limited ("Jupiter");
- Proposed sale of Mt Alfred, the remaining shareholding in Mindax and the Oakover project to Jupiter and the formation of a joint venture with Pallinghurst

- Resources Australia Limited ("Pallinghurst");
- Investment in Africa China Mining Corporation Limited; and
- Exploration for iron ore at Mt Alfred.

### **Financial review**

The Company made a pre-tax profit of £103,716 (2007: loss of £223,731) during the period; no dividends have been paid or proposed. The profit was primarily as a result of a substantial gain on disposal of shares in Mindax acquired earlier in the year, although a write back of prior year losses upon the sale of the uranium assets to RSL also contributed.

Should the sale and purchase agreement entered into with Jupiter and Pallinghurst complete, the Directors believe a more substantial profit may be likely in the current year.

As a result principally of placings of new shares in the Company during the financial year, the Group's total net asset value rose from £2,554,201 to £3,951,167 during the period.

### **Exploration review**

The rise in manganese and iron ore prices at the end of the financial year to 30 June 2008 and subsequently, created an opportunity for corporate moves to focus and maximise the funding available for rapid development of the Company's tenements. However, the constraints on the Company's own funding capacity, at a time of generally weak markets, and the time taken to implement this strategy, meant that exploration spending had to be kept at low levels during the period.

The uranium assets held by the Company in the Northern Territory and Malawi were sold to RSL during the year. Following the transaction your Company's Chairman, Andrew Bell, was elected as Chairman and a Director of RSL, and Manoli Yannaghas, an employee of Regency Mines plc was also appointed a Director of RSL. Your Company currently holds 24.2 per cent of the issued ordinary share capital of RSL. Exploration commitments on these tenements are now met by RSL.

In Zambia, the recommendation of our consultants, the suspension of new license applications pending government computerisation, and our attempts to obtain fulfilment of the agreement signed with the Chinese private shareholders of Chimani Limited meant in combination that we did not further explore our Chivewwe manganese license during the year.

Instead we concentrated on speeding the grant of the Oakover manganese license applications in the East Pilbara Manganese Province of Western Australia, which at the new higher manganese prices represented a viable and much more significant prospect. The sale and purchase agreement entered into with Jupiter and Pallinghurst provides for the potential sale of Red Rock's Oakover project to Jupiter subject to Jupiter shareholder approval and conditional on Red Rock obtaining unencumbered beneficial title to the tenements.

We knew that our own iron ore tenement at Mt Alfred in the Central Yilgarn of Western Australia, while highly prospective, was unlikely on its own to contain enough mineralisation to support a stand-alone operation. Exploration on structures overlapping our boundaries by our neighbours Mindax and Iron Mountain Limited in late 2007, and the promising results of this work, led us to develop our strategy of trying to consolidate and co-ordinate the iron ore interests in the area. In November, at the same time as we began to buy what we thought were under-priced Mindax shares, we undertook an initial sampling programme on the license. This was followed up in March 2008 by consultant geologist

Marian Skwarnecki of Coffey Mining Pty Limited and Red Rock geologist Helen Salmon. Objectives were to carry out traverse sampling across strike and to investigate the extent to which mineralised banded iron formation ("BIF") horizons recently drilled by neighbouring tenement holders extended into the Mt Alfred tenement.

Sampling was conducted by collecting composite samples of around 2 kg in weight at intervals of 20-40m (dependent on terrain) across the BIF ridges. A total of sixty seven samples were collected with thirty six being obtained from an old drill hole collared on the lower ground, approximately 100m in from the northern boundary of the tenement. Results returned from Mt Forrest showed four samples out of nine ranging between 56%-64% Fe, across a width of approximately 50m. At Mt Alfred West three out of the eight samples showed values ranging between 60% and 67% Fe across a width of approximately 100m. By integrating previous individual sample results taken along strike it is inferred that mineralised BIF horizons at Mt Forrest could extend from the adjoining ground held by Mindax to a distance of 1.5 km. At Mt Alfred West, mineralisation appears to continue along strike from Iron Mountain Mining Ltd's ground for 1 km. Additionally, both ridges disappear under cover and only further work will reveal if mineralisation continues beneath the colluvium.

Since the Company's year end, a 34.5 day gravity survey programme at Mt Alfred on East-West lines at 200m spacing with stations every 50m for a total of 136 line kilometers and 2729 stations has been carried out, and is being interpreted, with the object of identifying potential drill targets.

In November 2007, and February-March 2008, short exploration visits were carried out to the Company's Tasmanian licenses. However, unrepaired storm damage to the bridges and roads makes access difficult and expensive and so these licenses have been accorded low priority for future exploration.

Since year end, one of our manganese licenses in the Eastern Pilbara in Western Australia has been granted, and in relation to the other three applications, agreement has been reached on a Heritage Agreement with the native title groups in the area, and grant is expected to follow. We commissioned a report on the potential of these licenses from an expert on the area, who has confirmed the high probability of economic manganese mineralisation on these licenses, located slightly North of Consolidated Minerals Ltd's Woodie Woodie mine, one of the most significant global producers of high grade manganese.

Preliminary exploration during the year on several potential acquisition targets was written off as these transactions did not proceed.

### **Corporate review**

The Company's objectives have always been the enhancement of shareholder value through acquisition, disposal, and joint venture transactions as well as by exploration. For a small company operating in the infrastructure-dependent bulk commodity markets of iron ore and manganese, we understood that it was never going to be likely that we could hold on to control of a project from discovery through to production. At the forthcoming Annual General Meeting, we shall be inviting Shareholders to pass a resolution to restate our core activities to include the acquisition, disposal and joint venture of tenements and projects. We are now crystallising and realising the value of parts of our tenement portfolio through joint ventures and disposals to listed companies, and we want potential new investors to understand that the balance of our business may change as this occurs, and before a new cycle of investment and exploration begins.

Iron ore projects in particular need to be large, due to the low unit price of iron ore, and therefore we always looked to forms of co-operation with neighbouring tenement holders. With the increased interest in iron ore due to high Chinese demand during the year, we were able to take some significant steps in advancing this strategy.

### **Mindax Limited**

From November 2007, we began to build up a stake at low prices in our neighbour at Mt Alfred, Mindax, and by February 2008 had acquired a shareholding of 8,450,000 Mindax shares, or 10.02% of the share capital of the company. However, as Mindax were not prepared for Red Rock to have board representation, and an Australian-based Chinese investor had followed us into the company and built up a large holding, we decided to take profits and sell down our holding. During the financial year the Company realised a profit of £311,000 on the Mindax shareholding.

### **Jupiter Mines Limited**

We refocused on Jupiter in which we are one of the largest shareholders as a result of our earlier sale to them of the Mt Ida and Mt Hope tenements, and which also holds iron ore interests in the Central Yilgarn. In April 2008 we announced that we had increased our shareholding in Jupiter to 10,796,178 shares, or 7.62% of the share capital of the company. Subsequently, we increased our shareholding to 14,904,453 shares or 10.12% (8.8% adjusted) of the share capital of the company. In May 2008 Jupiter agreed to appoint our representative to their board, and we disclosed that we were acting in concert with Pallinghurst who were also acquiring shares. In June it was announced that our joint holding had reached 18.07% and that Mr Priyank Thapliyal, a founding partner of Pallinghurst Resources LLP, had joined the Jupiter board.

After the period end Red Rock and Pallinghurst accumulated further shares in Jupiter and Mindax; Jupiter has since announced that it will seek shareholder approval early in 2009 for the proposal from Red Rock and Pallinghurst whereby certain assets of both Pallinghurst and Red Rock, including the Mt Alfred and Oakover tenements of Red Rock, will be sold to Jupiter in exchange for a controlling interest in Jupiter. Should all stages of the transaction be completed, each of Pallinghurst and Red Rock will hold some 27.7% of Jupiter for a combined holding of 185,798,329 Jupiter shares, or 55.5% of the enlarged share capital.

In addition, an option would be issued so that if within two years of its issue an independent expert were to certify the existence of over 10 million tonnes of indicated or measured resources of saleable direct shipping ore at Mt Alfred, Jupiter would issue extra shares to the value at that time of AUD 2 multiplied by the number of tonnes by which the resource exceeds 10 million tonnes, with the shares to be split equally between Pallinghurst and Red Rock.

We regard the joint venture with Pallinghurst as a cornerstone of our development strategy in Australia. Pallinghurst is a cash-rich group headed by the former BHP Billiton chief executive, Brian Gilbertson, and in its steel feed strategy works with the major Korean steel company, POSCO. The accretion of human resources, experience, cash, and funding capability that comes to us through the joint venture would be significant in any market, but in current conditions it may be enough to propel Jupiter into a significantly different orbit. We are proud to have been able to form this partnership, and although it has taken a long time to forge, and many people have been involved, I pay tribute to my colleague Ken Watson for communicating our consistent vision with unfailing enthusiasm, and to Priyank Thapliyal of Pallinghurst for his steadfastness and long-term focus as market conditions deteriorated weekly and many erstwhile long-term investors became short-term.

Should the envisaged transaction be approved by Jupiter shareholders, Red Rock's shareholding in Jupiter may rise initially, depending on the grant of the Oakover licenses, to 92,899,164 Jupiter shares. Following a successful working group meeting in Port Hedland with the Yamatji Land and Sea Council representing the

native title groups in November 2008, we expect the Oakover licenses could be granted within the current financial year.

### **Fund raisings**

During the financial year we undertook the following placings:

- In November 2007 the placing of 21,000,000 shares at 2.5p to raise £525,000 before expenses;
- In February 2008 the placing of 18,000,000 shares at 2p to raise £360,000 before expenses.
- In May 2008 the placing of 31,000,000 shares at 1.5p to raise £465,000 before expenses.

Maintaining our interest in the Pallinghurst joint venture required additional funding. The latter two fund raisings enabled us to make our investments in Mindax and later Jupiter. Jupiter shares are currently trading below AUD 0.10, but not long ago were at over AUD 0.25, and it is our hope and expectation that under a management led by our partners Pallinghurst the shares in due course can recover their earlier values.

Since the year end we have carried out two further fund raisings, the first in order to advance our investments and the second, as the funding environment deteriorated and future access to the market became less certain, to provide for any future needs. In September 2008 we raised £320,000 before expenses by an issue of 32,000,000 shares at 1p, and in November 2008 we raised £340,000 by an issue of 68,000,000 shares at 0.5p per share.

We also committed at year end to a USD 1,000,000 investment for a 20% shareholding in Africa China Mining Corporation, which owns substantial surface manganese deposits in Burkina Faso and Mali.

### **Resource Star Limited**

At RSL, we completed the sale of our uranium assets to our new associate on 6<sup>th</sup> August 2007. In May 2008 RSL changed its name from Retail Star Limited to Resource Star Ltd and has been suspended pending re-listing on the Australian Stock Exchange as a resource sector stock; our timing was not good. The decline in uranium prices accelerated as RSL began fund raising prior to the re-listing. RSL has delayed the re-listing until more propitious times return, but continue to scout the world for uranium prospects, and look nearer home in Australia for other opportunities. The exploration that was carried out before RSL suspended work was promising, particularly in Malawi where high grade rare earth minerals, similar to those at Globe Mining's nearby Kanyika deposit, were encountered in the course of uranium exploration.

### **Personnel**

I would like to thank all our staff for their considerable contribution during the year. Red Rock has the management and staff to continue exploiting its assets whilst striving for further efficiencies to enhance future shareholder value.

### **The Future**

The Pallinghurst joint venture and our investment in Jupiter dominate the foreground. If the proposed transaction proceeds as expected, it then opens up, we believe, a vista of new opportunities backed by greater financial strength.

We hope to conclude shortly an agreement in relation to our manganese interests

in Zambia, which have been expanded by an exploration joint venture.

We will continue to work on solutions that will enable us to unlock the value at RSL, meantime controlling costs.

The long term outlook for commodity demand remains strong, but price levels should remain moderate, although manganese and uranium may be relatively strong price performers. We look to the long term, and to identifying and working with the best and most professional partners we can find in our main project areas. The next year will be challenging, as we try to conserve cash at the same time as positioning ourselves for the recovery that may start in the second half of the year. Many opportunities will arise, but few of them will be within our reach, unless we are able at some point to realise substantial funds by disposals from our existing portfolio. We expect to operate conservatively, and to have laid off much of the expenditure obligation on our tenements through joint venture and disposals.

Andrew Bell

*Chairman*

### Results and dividends

The following are extracts from the financial statements for the year ended 30 June 2008 which have been approved by the Board of Directors, audited by Chapman Davis LLP and signed on 24 December 2008.

The Group's results are set out in the group income statement below.

The Group made a profit of £103,716 (2007: loss £223,731).

The Directors do not recommend the payment of a dividend.

#### Group income statement

for the year ended 30 June 2008

	Year to 30 June 2008	30 Ju
	£	
<b>Revenue</b>		
Sales of investments	1,322,735	
Cost of sales	(1,025,884)	(
Management services	24,393	
<b>Gross profit</b>	<u>321,244</u>	<u></u>
Exploration expenses	(167,711)	(
Administrative expenses	(402,389)	(
Currency gain	74,521	
<b>Operating (loss)</b>	<u>(174,335)</u>	<u>(</u>

Share of operating loss in associates	(82,556)	
Surplus on revaluation of trade investments	384,100	
Profit on sale of subsidiary	89,912	
Profit on sale of associate company	-	
Loss on revaluation of associate company investment	(126,780)	
Interest receivable	19,308	
Interest payable	(5,933)	

<b>Profit/(loss) on ordinary activities before taxation</b>	<b>103,716</b>	(£)
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Tax on profit/(loss) on ordinary activities	-	
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<b>Profit/(loss) for the year attributable to equity shareholders of the parent</b>	<b>103,716</b>	(£)
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<b>Earnings/(loss) per share - basic</b>	<b>0.04 pence</b>	(0.1)
<b>Earnings/(loss) per share - diluted</b>	<b>0.04 pence</b>	(0.1)

#### Group statement of recognised income and expense

	Group Year to 30 June 2008 £	Group Year to 30 June 2007 £
Profit/(loss) for the financial period	103,716	(223,731)
<b>Total recognised profit/(loss) for the financial period</b>	<b>103,716</b>	<b>(223,731)</b>

#### Group balance sheet as at 30 June 2008

	30 June 2008 £	30 June 2007 £
<b>Current assets</b>		
Cash and cash equivalents	87,599	220,347
Trade and other receivables	394,198	1,080,013
Investments in associates	958,835	25,638
Available for sale financial assets	2,355,925	586,459
Exploration properties	567,905	935,353
<b>Total current assets</b>	<b>4,364,462</b>	<b>2,847,810</b>

<b>Total assets</b>	<b>4,364,462</b>	2,847,810
<b>Current liabilities</b>		
Trade and other payables	<b>(413,295)</b>	(293,609)
<b>Total liabilities</b>	<b>(413,295)</b>	(293,609)
<b>Net assets</b>	<b>3,951,167</b>	2,554,201
<b>Equity</b>		
Called up share capital	<b>305,481</b>	235,481
Share premium account	<b>3,888,736</b>	2,665,486
Share based payment reserve	<b>82,581</b>	82,581
Retained earnings	<b>(325,631)</b>	(429,347)
<b>Total equity</b>	<b>3,951,167</b>	2,554,201

**Company balance sheet  
as at 30 June 2008**

	<b>30 June 2008</b>	30 June 2007
	£	£
<b>Current assets</b>		
Cash and cash equivalents	<b>83,260</b>	209,103
Trade and other receivables	<b>561,819</b>	1,731,433
Investments in subsidiaries	<b>964</b>	-
Investments in associates	<b>958,835</b>	25,638
Available for sale financial assets	<b>2,355,925</b>	586,459
Exploration properties	<b>413,793</b>	466,455
<b>Total current assets</b>	<b>4,374,596</b>	3,019,088
<b>Total assets</b>	<b>4,374,596</b>	3,019,088
<b>Current liabilities</b>		
Trade and other payables	<b>(413,295)</b>	(293,609)
<b>Total liabilities</b>	<b>(413,295)</b>	(293,609)
<b>Net assets</b>	<b>3,961,301</b>	2,725,479
<b>Equity</b>		
Called-up share capital	<b>305,481</b>	235,481
Share premium account	<b>3,888,736</b>	2,665,486
Share based payment reserve	<b>82,581</b>	82,581
Retained earnings	<b>(315,497)</b>	(258,069)

<b>Total equity</b>	<b>3,961,301</b>	2,725,479
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**Group cash flow statement  
for the year ended 30 June 2008**

	<b>Group Year to 30 June 2008 £</b>	Group Year to 30 June 2007 £
<b>Cash flows from operating activities</b>		
Operating loss	(174,335)	(292,066)
Decrease/(increase) in receivables	685,815	(188,597)
Increase in payables	119,686	255,192
Impairment of exploration properties	11,034	121,989
Exploration property costs	(112,485)	(260,493)
Costs of exploration properties disposed of	-	168,919
Exploration property sales other than for cash	602,045 (31,992)	-
Proceeds from disposal of subsidiary	(1,142,533)	-
Cost of subsidiary disposed of	(2,411,251)	(103,448)
Payments to acquire associate company investments	1,025,885	16,236
Payments to acquire available for sale investments	-	82,581
Cost of available for sale investments disposed of	-	6,520
Share based payments		
Currency adjustments		
<b>Cash (outflows) generated from operations</b>	<b>(1,428,131)</b>	<b>(609,567)</b>
<b>Cash flows from investing activities</b>		
Interest received	19,309	7,170
Interest paid	(5,933)	(5,579)
	-	-
<b>Net cash flows from investing activities</b>	<b>13,376</b>	<b>1,591</b>
<b>Acquisitions and disposals</b>		
Cash disposed of on sale of subsidiary	(11,243)	-
	-	-
<b>Net cash flow from acquisitions and disposals</b>	<b>(11,243)</b>	<b>-</b>
<b>Cash inflows from financing activities</b>		
Proceeds from issue of shares	1,350,000	1,664,375
Transaction costs of issue of shares	(56,750)	(72,075)
Share subscription	-	(865,000)

monies/(outstanding)		
<b>Net cash flows from financing activities</b>	<b>1,293,250</b>	727,300
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(132,748)</b>	119,326
Cash and cash equivalents at the beginning of period	220,347	101,021
<b>Cash and cash equivalents at end of period</b>	<b>87,599</b>	220,347

**Company cash flow statement  
for the year ended 30 June 2008**

	<b>Company Year to 30 June 2008 £</b>	<b>Company Year to 30 June 2007 £</b>
<b>Cash flows from operating activities</b>		
Operating loss	(164,201)	(209,885)
Decrease/(increase) in receivables	1,169,614	(725,431)
Increase in payables	119,686	253,065
Impairment of exploration properties	11,034	-
Costs of exploration properties disposed of	142,486	1,240,926
Exploration property costs	(100,858)	(177,493)
Payments to acquire subsidiaries	(964)	(891,818)
Proceeds from disposal of subsidiary	602,045	-
Cost of subsidiary	(683,412)	-
Payments to acquire associate company investments	(1,142,533)	-
Payments to acquire available for sale investments	(2,411,251)	(103,448)
Cost of available for sale investments disposed of	1,025,885	15,491
<b>Cash (outflows) generated from operations</b>	<b>(1,432,469)</b>	(598,593)
<b>Cash flows from investing activities</b>		
Interest received	19,309	6,869
Interest paid	(5,933)	(5,579)
<b>Net cash flows from investing activities</b>	<b>13,376</b>	1,290

<b>Cash inflows from financing activities</b>	<b>1,350,000</b>	1,664,375
Proceeds from issue of shares	<b>(56,750)</b>	(72,075)
Transaction costs of issue of shares	-	(865,000)
Share subscription monies/(outstanding)		
<b>Net cash flows from financing activities</b>	<b>1,293,250</b>	727,300
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(125,843)</b>	129,997
Cash and cash equivalents at the beginning of period	<b>209,103</b>	79,106
<b>Cash and cash equivalents at end of period</b>	<b>83,260</b>	209,103

#### Earnings/(loss) per share

	<b>2008</b>	2007
	<b>£</b>	£
The basic earnings/(loss) per share is derived by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue.		
Profit/(loss) for the period after taxation	<b>103,716</b>	(223,731)
Weighted average number of Ordinary shares of £0.001 in issue	<b>261,191,216</b>	188,227,158
<b>Earnings/(loss) per share - basic</b>	<b>0.04 pence</b>	(0.12) pence
Weighted average number of Ordinary shares of £0.001 in issue inclusive of outstanding options	<b>266,191,216</b>	188,227,158
Earnings/loss per share fully diluted	<b>0.04 pence</b>	(0.12) pence

#### Statement of changes in equity

The movements on reserves during the period were as follows:

<b>Group</b>	<b>Share capital</b>	<b>Share premium reserve</b>	<b>Retained earnings</b>	<b>Share based payment reserve</b>	<b>Total equity</b>
	£	£	£	£	£
As at 1 July 2006	166,679	1,141,988	(205,616)	-	1,103,051
Issue of shares	68,802	1,595,573	-	-	1,664,375
Share issue and fundraising costs	-	(72,075)	-	-	(72,075)
Loss for the year	-	-	(223,731)	-	(223,731)

Share based payments	-	-	-	82,581	82,581
As at 30 June 2007	235,481	2,665,486	(429,347)	82,581	2,554,201
Issue of shares	70,000	1,280,000	-	-	1,350,000
Share issue and fundraising costs	-	(56,750)	-	-	(56,750)
Profit for the year	-	-	103,716	-	103,716
<b>As at 30 June 2008</b>	<b>305,481</b>	<b>3,888,736</b>	<b>(325,631)</b>	<b>82,581</b>	<b>3,951,167</b>

Company	Share capital	Share premium reserve	Retained earnings	Share based payment reserve	Total equity
	£	£	£	£	£
As at 1 July 2006	166,679	1,141,988	(115,472)	-	1,193,195
Issue of shares	68,802	1,595,573	-	-	1,664,375
Share issue and fundraising costs	-	(72,075)	-	-	(72,075)
Loss for the year	-	-	(142,597)	-	(142,597)
Share based payments	-	-	-	82,581	82,581
As at 30 June 2007	235,481	2,665,486	(258,069)	82,581	2,725,479
Issue of shares	70,000	1,280,000	-	-	1,350,000
Share issue and fundraising costs	-	(56,750)	-	-	(56,750)
Loss for the year	-	-	(57,428)	-	(57,428)
<b>As at 30 June 2008</b>	<b>305,481</b>	<b>3,888,736</b>	<b>(315,497)</b>	<b>82,581</b>	<b>3,961,301</b>

### Transition to IFRS

The opening balance sheet at 1 July 2006 and the financial information for the year ended 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time.

The Company's transition date to IFRS is 1 July 2006. The rules for first-time adoption of IFRS are set out in IAS 1 'First time adoption of international reporting standards'. In preparing the IFRS financial information, these transition rules have been applied to the amounts reported previously under generally accepted accounting principles in the United Kingdom ('UK GAAP'). IFRS generally requires full retrospective application of the Standards and Interpretations in force at the first reporting date. However, IFRS 1 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

- **Changes in presentation of financial information:**

- IAS1: The form and presentation of the UK GAAP statements has been changed to be compliant with IAS 1.
- IAS 7: Cash flows under IFRS are presented

within the Cash Flow Statement under three main headings: cash flows from operating activities, from investing activities and from financing activities. This has resulted in some presentational changes compared to UK GAAP. There is no change to the net movement of cash and cash equivalents.

- **Changes in accounting policies:**

- IAS 12: Under UK GAAP, deferred tax was recognised on the basis of timing differences, subject to certain exemptions. Under IAS 12, deferred tax is recognised on the basis of taxable temporary differences, subject to certain exceptions. Temporary differences include all timing differences and many permanent differences. This change has had no effect on any of the figures reported.
- Under IAS 39, the trade investments which are deemed to be held for short term gain are taken to the profit and loss account at fair value as opposed to being held at historical cost under UK GAAP.
- Under IAS 39, the trade investments which are not held for short term gain and are categorised as 'available-for-sale' financial assets are restated at fair value on the balance sheet date as opposed to being held at historical cost under UK GAAP. The changes arising are included in the restatements for IFRS.
- Company has chosen to adopt IFRS 3. Accordingly, business combinations from the date of transition will be accounted for under IFRS 3 using the purchase method.

- **Reconciliations of UK GAAP to IFRS:**

- For the year ended 30 June 2007 there are differences between the income statement and balance sheet amounts reported under UK GAAP and IFRS as noted on the following pages 40 to 42. In addition, there are differences under UK GAAP and IFRS for the opening balance sheet at 1 July 2006 on transition.
- There is no monetary impact on the cash flow statement for these periods.

**Restatement of reported figures**

**Company financial information as at 1 July 2006**

<b>As originally reported under UK GAAP</b>	<b>Restate for IFRS</b>	<b>IFRS</b>
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	£	£	£
<b>Balance sheet</b>			
<b>Non-current assets</b>			
Intangible assets	972,290	(972,290)	-
Investments in associates	26,250	-	26,250
<b>Total non-current assets</b>	<b>998,540</b>	<b>(972,290)</b>	<b>26,250</b>
<b>Current assets</b>			
Cash and cash equivalents	101,021	-	101,021
Trade and other receivables	26,416	-	26,416
Available for sale financial assets	15,491	-	15,491
Exploration properties	-	972,290	972,290
<b>Total current assets</b>	<b>142,928</b>	<b>972,290</b>	<b>1,115,218</b>
<b>Total assets</b>	<b>1,141,468</b>	<b>-</b>	<b>1,141,468</b>
<b>Current liabilities</b>			
Trade and other payables	(38,417)	-	(38,417)
<b>Total liabilities</b>	<b>(38,417)</b>	<b>-</b>	<b>(38,417)</b>
<b>Net assets</b>	<b>1,103,051</b>	<b>-</b>	<b>1,103,051</b>
<b>Capital and reserves</b>			
Share capital	166,679	-	166,679
Share premium account	1,141,988	-	1,141,988
Retained losses	(205,616)	-	(205,616)
<b>Total equity</b>	<b>1,103,051</b>	<b>-</b>	<b>1,103,051</b>

**Group financial information for the year ended 30 June 2007**

<b>Income statement</b>	<b>As originally reported under UK GAAP</b>	<b>Restate for IFRS</b>	<b>IFRS</b>
	£	£	£
Turnover			
Cost of sales	551,652 (200,461)	(16,236) 15,491	535,416 (184,970)
<b>Gross profit</b>	<b>351,191</b>	<b>(745)</b>	<b>350,446</b>
Exploration expenses	(245,207)	-	(245,207)
Administrative expenses	(415,343)	-	(415,343)
Currency gains	18,038	-	18,038
<b>Operating loss</b>	<b>(291,321)</b>	<b>(745)</b>	<b>(292,066)</b>
Share of operating loss in associate	-	(612)	(612)
	-	66,611	66,611

Surplus on revaluation of financial assets	-	745	745
Profit on sale of financial asset	7,170	-	7,170
Interest receivable	(5,579)	-	(5,579)
Interest payable			
<b>Loss on ordinary activities for the period</b>	<b>(289,730)</b>	<b>65,999</b>	<b>(223,731)</b>
Taxation provision	-	-	-
<b>Loss after taxation</b>	<b>(289,730)</b>	<b>46,016</b>	<b>(223,731)</b>

#### Restatement of reported figures - notes:

During 2007, exploration properties previously reported as intangible fixed assets, were reclassified and reported as current assets. This correction has now been applied as at 30 June 2006.

#### Group financial information for the year ended 30 June 2007

Balance sheet	As originally reported under UK GAAP £	Restate for IFRS £	IFRS £
<b>Non-current assets</b>			
Investments in associates	26,250	(612)	25,638
<b>Total non-current assets</b>	<b>26,250</b>	<b>(612)</b>	<b>25,638</b>
<b>Current assets</b>			
Cash and cash equivalents	220,347	-	220,347
Trade and other receivables	1,080,013	-	1,080,013
Trading asset investments	513,900	72,559	586,459
Exploration properties	935,353	-	935,353
<b>Total current assets</b>	<b>2,749,613</b>	<b>72,559</b>	<b>2,822,172</b>
<b>Total assets</b>	<b>2,775,863</b>	<b>71,947</b>	<b>2,847,810</b>
<b>Current liabilities</b>			
Trade and other payables	(293,609)	-	(293,609)
<b>Non-current liabilities</b>			
Deferred taxation	-	-	-
<b>Total liabilities</b>	<b>(293,609)</b>	<b>-</b>	<b>(293,609)</b>
<b>Net assets</b>	<b>2,482,254</b>	<b>71,947</b>	<b>2,554,201</b>
<b>Capital and reserves</b>			
Share capital	235,481	-	235,481
Share premium account	2,665,486	-	2,665,486

Share option reserve	82,581	-	<b>82,581</b>
Financial asset revaluation reserve	(5,948)	5,948	-
Retained losses	(495,346)	65,999	<b>(429,347)</b>
<b>Total equity</b>	<b>2,482,254</b>	<b>71,947</b>	<b>2,554,201</b>

The financial information set out above does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The balance sheets, the income statement, the cash flow statements, the Groups statement of recognised income and expense, the statement of changes in equity, the transition to IFRS notes for the financial year ended 30 June 2008 and the restated financial information have been extracted from the Company's statutory financial statements upon which the auditor's opinion is unqualified and does not include any statement under Section 237 of the Companies Act 1985.

Copies of the report and financial statements will be posted to Shareholders no later than 29th December 2008 and will be available for a period of one month thereafter from the Company at 115 Eastbourne Mews, Paddington London W2 6LQ

Alternatively, the report may be downloaded from the Company's website, [www.rrrplc.com](http://www.rrrplc.com)

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Updates on the Company's activities are regularly posted on its website, [www.rrrplc.com](http://www.rrrplc.com).

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