

Propelling resource growth

Annual report
and accounts 2017



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How we communicate with our shareholders

Red Rock offers many avenues of engagement with our investors and stakeholders. Please feel free to reach out and contact us with any questions or queries.



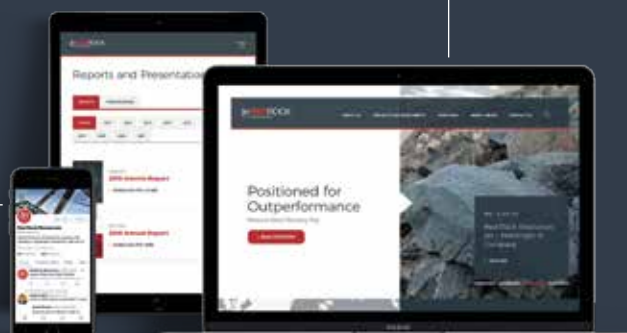
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Welcome to Red Rock Resources plc Annual Report and Accounts 2017

Propelling resource growth

Red Rock Resources plc is a natural resource exploration and development company.

The Company's strategy involves seeking out, assessing and investing in natural resource projects where it can actively add value through exploration, development and corporate transactions.

With a mix of exciting assets Red Rock offers investors diverse exposure to the natural resource space through its broad project and investment portfolio. This portfolio currently spans a range of commodities and includes gold, manganese, ferrosilicon and oil.

With the market climate improving in both the mining and oil and gas sectors, Red Rock is poised to begin to reap significant financial gains from the foundations established during recent years.

Andrew Bell
Chairman and CEO



Business Snapshot

What we do

We manage a diverse international portfolio of projects and investments and seek to add value through development throughout all phases of the commodity cycle across both the mining and minerals and oil and gas sectors. Through its investments Red Rock offers exposure to a wide variety of commodities including gold, ferrosilicon, manganese and oil.

Our business

2004

Established

RRR

AIM listed

£1.2m

2016-17 Finance and Dividend Income

Mining & Metals

Overview

Originally focussed on early stage mineral exploration, Red Rock has cultivated a diversified portfolio of mineral projects at various stages of development from the resource stage on to production.

Outlook

After several years of reduced activity levels, interest in certain sectors of mining and mineral development has in the past year again begun to increase. Driven in large part by expected demand for electric vehicles and home and industrial battery storage and related infrastructure demands, there are a number of minerals and metals that can be expected to be supply constrained as these world-changing developments continue.

Commodity market overview

Opportunities

Red Rock perceives the greatest opportunities in the market to revolve around the rapidly expanding growth in electric vehicles, home battery storage, and industrial and grid-scale battery storage. These developments are affecting perceived future demand for a wide variety of metals from lithium and cobalt to copper and nickel, providing numerous opportunities for agile resource companies to identify and exploit these developments for their stakeholders.

Au

Gold

Gold has had a strong 2017 to date and can be expected to continue to react to tensions in North Korea and US interest rate policy decisions.

Main uses

- Store of value
- Inflation hedge
- Jewellery and electronics

Cu

Copper

Global demand for copper expected to continue to grow alongside GDP growth, while investments in renewable energy are expected to drive the metal's performance.

Main uses

- Electrical connectors, circuitry and microchips
- Electromagnets and magnetrons
- Fire sprinklers and heat sinks

Mn

Manganese

Ongoing demand for steel and an increasing focus on clean energy and battery development is expected to leave manganese prices buoyant into 2018.

Main uses

- Used in alloys – steel and batteries
- Catalyst – rubber additives
- Added to fertilisers and ceramics

Co

Cobalt

With demand for cobalt-cathode batteries expected to increase significantly, this long underperforming metal appears set to outperform.

Main uses

- Used in magnetic and stainless steels
- Alloys used in jet turbines and generators
- Modern batteries of all kinds – EVs and home storage



New investment

Ferrosilicon Smelter Complex Steelmin Ltd. – Bosnia

Red Rock invested €4.4m in June 2017 with the goal to bring the existing ferrosilicon smelter complex back online, with recommissioning currently expected in Q1 2018. With ferrosilicon prices buoyant, Steelmin's existing projections of €35m in first full year revenues and EBITDA of €7m may prove conservative.

➔ **Main Highlights**
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Our Interests

Asset

| | |
|-----------------------------|-------------------------|
| 1. Steelmin Ltd. | Ferrosilicon production |
| 2. Jupiter Mines | Manganese production |
| 3. El Limon | Gold exploration |
| 4. Migori Gold Project | Gold exploration |
| 5. Shoats Creek | Oil exploration |
| 6. Elephant Oil Ltd | Oil exploration |
| 7. Ivory Coast Gold Project | Gold exploration |

➔ **Main Highlights**
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Due Diligence

DRC Copper/Cobalt Project

On 26 September 2017 Red Rock announced the initiation of a due diligence effort on a project in the Democratic Republic of Congo consisting of 4-5 tailings dams, from major historical copper deposits. Believed to still contain economic levels of copper and cobalt, all critical to future battery production.

Oil & Gas

Overview

Red Rock moved into oil and gas development as a broadening of its natural resource exposure during the post 2012 mining downturn. Having investments in productive wellbore interests supplements the firm's longer term mining and exploration assets.

Outlook

Oil production continues to move away from expensive deepwater projects to cheaper onshore oil on land found in both shale and more conventional reservoirs. With overall demand for petroleum set to increase into the 2020s, several more years of growth are expected before a longer term more general deceleration in oil demand could set in. In the global energy mix fossil fuels will likely retain a dominant role but with their overall share declining. An unknown remains the impact a large move to battery powered cars and light vehicles may have on longer term oil markets. However, continued demand for petroleum will not just be to meet the world's energy and transportation needs and will include end products as wide ranging as graphene, cosmetics and pharmaceuticals.

Oil and gas market overview

Opportunities

With oil prices expected to remain flat into 2018 barring any major geopolitical events, analysts feel that a real risk of oil shortfalls remains over the longer term. While shale oil remains an important new supplier of the market, it still accounts for only 8% of the world's oil supplies, and as such overall supplies remain vulnerable to constraints in the coming years. In order to stimulate the exploration of new fields and exploitation of existing ones, higher prices are likely to be required, leading to opportunities for small cap explorers and their investors to pick up the slack reduced exploration is creating.

Chairman's Review



"Our motivation is to add value for you, the shareholders, and to repay the trust you put in us."

Andrew Bell
Chairman and CEO

Dear Shareholders,

Overview

I began last year's review by repeating the statement we had made several times in 2016, that there had been a significant turning point in the commodity sector and that the multi-year recession in the sector had ended. If I return to this point again, it is only to suggest that our price expectations may still be to some extent conditioned by the extreme price lows seen in late 2015 to early 2016, and the rises in price some commodities have seen may seem substantial only because the levels from which they occurred were anomalously low.

The recovery is still a young recovery, and two factors in particular suggest that there may be continuing commodity strength. First, that economic growth seems to be picking up in all regions of the world and in almost all large economies. Such a synchronised recovery is unusual and will translate directly into increased commodity demand. Secondly, an electric vehicle and battery revolution is gathering pace, and this will have large but not yet perfectly quantifiable effects on incremental demand for several commodities, including nickel, manganese, cobalt and lithium, as well as copper (at least short term) and possibly vanadium.

We are fortunate in our involvement as a shareholder in the unlisted Jupiter Mines Ltd, the co-owner and operator of the open pit Tshipi é Ntle Mine in the Northern Cape Province, the world's third largest producer, we believe, of metallurgical grade manganese. Tshipi is in the exceptional position of having at current levels of production some 100 years of reserves. Since some 95% of current metallurgical manganese production goes to steel making, the impact of battery demand on the supply-demand equation is likely to be large. Current price levels have enabled us to receive a distribution of £538,740 in the Spring of 2017 with another of c.£250,000 due in early December 2017, and a few months ago we might have shared the general expectation that the long-term trend of price was likely to be slightly lower than these levels. The battery use for manganese, and the balanced global recovery under way, make that assumption look increasingly conservative.

We made clear a year ago our focus on cost control, and our desire to avoid financing through equity markets at a time we expected several income streams to develop and when the Company's market valuation seemed significantly to undervalue its assets. These both remain high priorities, and after external equity financing of £1,153,323 in the year ending 30 June 2016, no further equity financing has been undertaken since a £300,000 placing of stock in early August 2016.

The development of the income stream from Jupiter distributions has exceeded expectations, while the expected income stream from gold royalties from Colombia has been slow to develop to the expected levels due to delays in installation and commissioning of a ball mill and other factors. It should begin to contribute more significantly from the November 2017 quarterly payment on. Sub-letting income has been as expected, but will end now that we are moving in late November to a new and cheaper office. We are disappointed that we have not yet received any income from our Louisiana oil production participation at Shoa's Creek. However, we have added a new source of profit likely to start contributing from early calendar 2018 through our equity investment in the Steelmin ferrosilicon plant in Jajce, Bosnia.

Highlights

Priorities

- Develop Multiple Revenue Streams
- Continue Cost Reduction Efforts
- Reduce Payables
- Dispose Non-Core Assets
- Reduce Dependence on Market Funding

Successes

- Cost Reductions – Office Downsizing
- Reduced Requirement for External Funding
- Jupiter Mines Production Levels and Shareholder Distributions
- Early Repayment of Colombia Promissory Note
- Identification and Investment in Steelmin Opportunity

2018 Priorities

- Jupiter Disposal or Exit
- Additional Jupiter Dividends
- Steelmin First Ferrosilicon Production
- Repayment of Steelmin Note
- Resolution in Kenya
- Full Market Valuation of RRR Portfolio

Year in Review

During the financial period to 30 June 2017 our main priorities remained to obtain or develop cash flow-producing assets to give us greater resilience and less dependence on funding from financial markets; to keep costs down meanwhile to minimise dependence on external financing; and consequent on that funding aversion, to wait for value crystallisation or other events that would increase our market valuation before taking any significant initiatives. We considered that as a result of prior years' actions we were well positioned to gain from the recovery as long as we kept a steady course.

For much of the year we lived in expectation of a value crystallisation event in relation to our Jupiter holding that would occur at or shortly after the financial year end, since Tshipi é Ntle had appointed financial advisers to look at a possible IPO or sale. We anticipated that any sale or other value crystallisation would show the underlying value of this one investment of ours in Jupiter to exceed the market capitalisation of Red Rock. There were no significant new initiatives taken therefore for much of the year, while we awaited this.

We did pursue an arbitration case in relation to some unclear points relating to the royalty and promissory note payable on our former Colombian assets, but we were able to settle this at an early stage. As a result of this settlement we received an early repayment of USD250,000 on the promissory note, with the balance of USD750,000 being due in April 2018.

Shortly before year end, matters changed in relation to Jupiter, when the publication of the plans for Mining Charter 3 in South Africa led to a stand-off between the Minister and the industry, and uncertainty about the conditions under which BEE (Black Economic Empowerment) shareholders would be able to dispose of their shares, it appeared likely that this would impact, at least by way of slight delay, Tshipi's plans, and we concluded that we should no longer wait if we saw an investment opportunity with a potential for adding very significant shareholder value. The opportunity to fund Steelmin, a company recommissioning a furnace at a ferrosilicon plant in Bosnia, arose at this time, and we were able to structure the investment through a back to back loan structure and receive free equity amounting to 16% at the time (and now 19%).

We saw the starting and building up of revenues during the year, notably from Jupiter dividends and from gold royalties.

The financial results for the year ended 30 June 2017 show an increase of 41.2% in total equity at 30 June 2017 from £8,627,235 to £12,182,742 during a year in which only £300,000 new equity was raised, after a 14.6% increase the previous year. This largely resulted from the reversal of previous impairments of £4,260,421 at Jupiter. Equity per share therefore rose by 16.4% from 2.20p to 2.56p.

Total assets rose by 61.3% from £10,538,727 to £16,995,015 after a 9.5% increase the previous year as a result of the increase in available for sale financial assets, again mainly Jupiter, and in short-term loans and other receivables following the completion of the back to back arrangements in relation to Steelmin.

Chairman's Review continued



Jupiter Mines Buybacks

In Q1 2017 Jupiter Mines completed the buyback of 6% of the outstanding shares of the business, returning USD55m to shareholders and USD656k to Red Rock.

On 31 July 2017 Jupiter announced a plan to distribute a further USD25m to shareholders, equating to 4% of the outstanding share capital. Red Rock subsequently announced its intentions to take up this offer and is expected to receive USD300k in December 2017.

On 16 November 2017 Jupiter announced that provided manganese prices remain good, a further USD25m distribution is expected in April 2018.

Current assets rose by 429.5% to £5,115,974 from £966,118, as a result of an increase in cash and in short-term loans and other receivables. Current liabilities rose to £4,812,273 from £1,911,492 with an increase in short-term borrowings again following the completion of the back to back arrangements in relation to Steelmin.

Following repayments made by Red Rock since financial year-end, the excess of short-term loans made over short-term borrowings has increased to £1.33m.

The Company's financial position has thus improved substantially over the year on most metrics.

This is not however reflected in the consolidated income statement, where a loss of £283,280 has widened to £1,114,213. This reflects an impairment of £1,496,550, essentially the same as last year's, in the value of Greenland iron ore assets, where we finally took the decision to fully impair the investment, but which was not offset this year by share sale profits or a recalculation of the fair value of a Colombian receivable.

Current Financial Year

We continue with the prosecution of our judicial review case in Kenya, to protect our interest in the Migori gold asset and its 1.2m oz gold resource, as well as in the old Macalder gold tailings where we had already submitted a feasibility study and applied for a mining licence. In parallel, we are in positive and substantive discussion with the Ministry and other interested parties to agree an early resolution that will enable us to restart operations and bring the tailings into production.

We will then move to address our gold interests in Côte d'Ivoire and our minor oil interests in Louisiana and onshore Benin.

Since year end we have begun due diligence on copper and cobalt tailings in the Democratic Republic of Congo. The DRC produces more than half the world's cobalt, a material for which demand is rapidly increasing for use in battery cathodes. This appears to be an attractive and potentially Company-changing asset, and in principle we like tailings which are easy to assess, mine and process, but we must await the results of due diligence in a country new to us.

We have recently announced a further, Spring 2018, distribution by Jupiter, expected to be similar in amount to the December 2017 distribution, and we expect rising gold royalties from Colombia and at the profit level a useful contribution from Steelmin. Should Steelmin succeed in commissioning a second furnace, then its EBITDA may be running later in 2018 at an annualised level up to €10m.

We expect in the current year to be net interest recipients on our loan book, and that we will be repaid the loans to Steelmin and the USD750,000 outstanding on the Colombia promissory note.

There is a strong probability of a liquidity event at Jupiter during the year, and a liquidity event could also occur at Steelmin.

Overall, we can as shareholders look to the prospects for the year to 30 June 2018 with considerable confidence.

Prospects

Our historic preference has been for assets near production where we can get a favourable deal by putting in the last, or the strategic, dollar, as with Steelmin and as previously in Colombia. We also favour pre-digested minerals left in tailings, as in Kenya, and now potentially in the DRC. We also seek to work with first class partners on first class assets, as with Jupiter. We will strive to stick closely to these models in looking at potential new ventures.

We must not however lose sight of the fact that we are in a recovering market, with multiple high quality assets in Jupiter and Steelmin, with revenues, and with a presence or opportunity in some of the most exciting commodities to be in during the sector recovery. This gives us a good platform to take the actions necessary to raise Red Rock to a much higher level, and to recover in the good years all and more of the value lost in the difficult lean years.

It has been a pleasure to work step by step to ready the Company this year and last for the next stage of growth. Our motivation is to add value for you, the shareholders, and to repay the trust you put in us.



Andrew Bell
Chairman and CEO
22 November 2017

Why Invest in Red Rock?

Red Rock has positioned itself for outperformance in 2018 and beyond. With a diverse portfolio of revenue generating projects and investments, Red Rock is now well advanced towards its goal of funding the business primarily through internal cash flows.

- AIM listed in 2004
- Ticker AIM: RRR
- Originally focussed on gold and steel feed exploration and development
- Evolved into diversified natural resource play
- Offers investor exposure to multiple revenue streams
- Significant upside in several large projects and investments

2017 was a year of much progress with multiple pipelines of revenue expanding and developing. Red Rock can expect incoming funds from its investment in Jupiter Mines, its ongoing asset disposal in Colombia and potentially from its investment in Steelmin Ltd. These diverse and varied sources of capital will set the foundation for growth in 2018 and beyond.

2017 highlights

USD55m

Completed distribution to Jupiter Mines shareholders Q1 2017

75%

Interest to RRR following recovery of the Migori Gold Project

USD25m

Jupiter distribution to shareholders in Q4 2017

1.2m Oz

Gold resource at Migori Gold Project in Kenya

€7m

Target first full year EBITDA with one furnace operating at Steelmin Ltd.

20%

Red Rock's interest in Steelmin Ltd. by December 2017

Our Business Model and Corporate Strategy

Red Rock creates shareholder value by holding a diverse portfolio of projects and investments with exposure to commodities across multiple stages of the natural resource cycle. With ongoing cash flows from its investments in manganese and gold, the Company looks forward to adding revenues from ferrosilicon and potentially copper/cobalt to this mix.

Identify

All successful investments start with determining where to focus one's limited resources by looking for fatal flaws, analysing risks and determining upside potential. Currently Red Rock is focussed on assets with near term potential for cash generation, while working to maximise the value for shareholders of its historic stakes in earlier stage exploration assets.

Develop

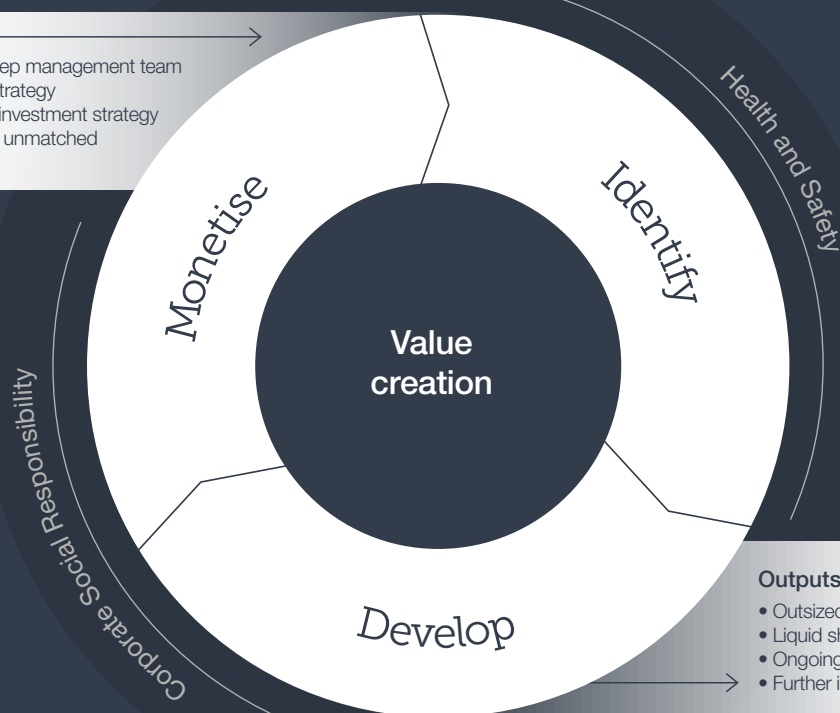
Once an investment or decision to proceed has been made, the Company relies on its many years of natural resource experience to drive its projects and investments forward towards the key milestones previously identified. Being an efficient and agile operator, Red Rock can develop a project for a fraction of the cost of a larger natural resource major, leading to potentially outsized returns for its investors.

Monetise

Once a project or investment has been developed Red Rock utilises joint ventures, trade sales, and equity trading to realise tangible gains for its shareholders. Monetisation can often create ongoing revenue streams as well as larger single lump sum realisations and the goal remains to fund future development largely from revenue streams linked to the current portfolio.

Inputs

- Experienced and deep management team
- Dynamic financing strategy
- Flexible project and investment strategy
- Agility and efficiency unmatched by larger entities



Outputs

- Outsized returns for shareholders
- Liquid shares with significant upside potential
- Ongoing revenue streams
- Further investment capital

Our Corporate Strategy

Strategy

Red Rock executes its corporate strategy designed to create value for investors by leveraging its deep portfolio of existing mineral exploration projects, its holdings in cash generative ferrosilicon and manganese as well as its many years of transactional expertise. Project development and investments may include all phases of the natural resource development cycle where the opportunity to add and realise value in reasonably short timeframes has been identified.

The Company feels that its broad exposure to a series of commodities, from gold and ferrosilicon to manganese and oil, well positions it for outperformance as natural resource markets continue to recover. With both early-stage and production assets, and active efforts to identify new opportunities underway, Red Rock seeks to generate shareholder returns that well outperform both sector indices and the markets as a whole.

Strategic Priorities

- 1 Near-term cash generation potential
- 2 Ongoing disposals and value maximisation
- 3 Opportunistic investments – battery related growth

Group Structure

The Company operates with a lean organisational structure designed to minimise overheads and maximise the funds that go into projects and investments. Additional steps have been taken in 2017 to further reduce the ongoing burn rates including an upcoming office move and associated downsizing.

Key Performance Indicators

At this stage in the Company's development, the Directors regularly monitor key performance indicators associated with liquidity, primary cash flows and bank balances; general administrative expenses; as well as share price performance and appreciation.

Our Business Model

Internal Projects

- Large in scale
- Significant upside
- Usually early stage

External Investments

- Near term cash generation
- Often producing dividend streams
- Backing world class management teams

Corporate Transactions

- JVs and partnerships
- Asset trading/disposals
- Royalties

Propelling resource growth

Main Highlights

Mining and Metals – Bosnia, BiH

Steelmin Ltd.

Ferrosilicon

Fe Si



Highlights

- RRR 20% stake – may increase up to 30%
- Initial FeSi production targeted for Q1 2018
- Complex capacity of 48,720t of FeSi and 9,700t of Microsilica
- Projects €35m revenue and €7m EBITDA
- Near-term production in familiar steel feed space
- Existing ferrosilicon plant in Bosnia, BiH, two electric arc furnaces onsite
- RRR invested to fund redevelopment
- Commissioning expected Q1 2018
- RRR to have loan repaid and retain sizeable equity stake

20%+

Stake to grow monthly
until initial loan repaid



Project

The Steelmin plant and facility is located in central Bosnia, 104 kilometres north west of Sarajevo. The complex, formerly part of ElectroBosna, was originally built in the 1970s by Elkem, a major silicon and alloy producer based in Norway, and was one of the largest and best known producers of ferrosilicon and silicon metal in Europe. It was closed down in 1992 due to the Bosnian War, was then privatised and the six furnaces were sold off in two separate parts in 2000. The plant was brought back online until finally being shuttered again in 2004 due to increasing and uncontrolled export pressure from Chinese producers.

Steelmin controls furnaces IV and V from the original ElectroBosna complex. Furnace V is a 48MVA Elkem furnace, and is connected to two chimneys on the roof of the production hall. Furnace IV, the smaller of the two, is a 30 MVA Tagliaferri furnace with three chimneys, preventing the emission of gases in ambient air to comply with EU regulatory requirements. Given its larger total capacity Steelmin has decided to bring furnace V on initially and then move to recommission furnace IV later in 2018.

In addition to the two furnaces, the facility in Jajce houses a filtration plant, warehouse storage for raw materials, pouring and dispatch hall as well as a plant for process water re-circulation.

With proximity and abundant access to raw materials including quartz deposits, Steelmin has secured contracts for most of the materials required for production, as well as letters of intent and statements of interest from some of the largest steel producers in Europe.

A multinational financial institution has expressed interest to partner with Steelmin once in production, through the provision of debt to refinance Red Rock's loan out and for the refurbishment of the second furnace.

Power remains the most significant input cost to ferrosilicon production and this is provided by abundant and economical hydro-power available across the region. The filtration plant refurbishment has been completed and ensures that all outputs of gases will comply with EU regulations.

Products and Markets

Steelmin intends to produce ferrosilicon containing 75% silicon and 25% iron, a product primarily used as a deoxidising agent and to add electrical conductivity and corrosion resistance to steel. A by-product of ferrosilicon production will be microsilica, which is a dust used in the manufacture of speciality concretes in the construction industry as well as in advanced refractories and ceramics. Furnace V is expected to produce 29,000t of ferrosilicon per annum as well as 5,800t of microsilica.

Over time Steelmin is expected to produce both ferrosilicon as well as additional silicon alloys that offer higher margins and additional upside. Currently ferrosilicon trades between €1280-1350 a ton and the estimated price of microsilica is €200 a ton.

European ferrosilicon production depends critically on access to cheap power (locally generated hydroelectric power in the case of Jajce) since this is up to half the cost of production. Prices are historically driven by steel production levels, the level of Chinese pricing and production allowed into Europe, as well as the associated export and anti-dumping tariffs. Since late 2016 overall Chinese export prices have begun to rise, positively impacting European produce prices.

Financial Projections

Steelmin currently projects operating revenues of €35m in its first full year of operations with gross margins expected to come in around 33%. These figures assume production of 85 tonnes per day over 339 days a year and a ferrosilicon selling price of €1,200/t.

Red Rock Resources' Interest

Red Rock holds a 20% interest in Steelmin as of 1 December 2017, and will continue to receive an additional 1% of the fully diluted equity until its loan to Steelmin is paid off in full, up to a maximum of 30%.

Main Highlights *continued*

Mining – Kenya

Migori Gold Project

Gold

Au



Highlights

- Licence dispute with Kenyan Ministry of Mining
- RRR to receive 75% interest following recovery
- JORC indicated and inferred resource estimates at 0.5g/t Au cut-off: 29.4Mt at 1.26g/t Au with contained metal content of 1.2Moz Au
- Macalder tailings with a JORC measured resource of 1.3Mt at 1.7g/t Au with contained metal content of 68koz Au
- More than 30 regional targets within the Migori Greenstone Belt
- 1.2Moz gold JORC resource
- RRR exploring partnership opportunities

1.2Moz

Gold resource of the
Migori Gold Project

Location

The Migori Gold Project in south-west Kenya comprises two contiguous Special Prospecting Licences SPL122 and SPL202, covering 243km² and spanning 63km of the prolific Migori Greenstone Belt.

Red Rock Resources' Interest

The notifications of termination of the Special Prospecting Licences (SPL) by the office of the Mining Cabinet Secretary are being challenged in the Courts. Red Rock and Mid Migori Mining Company Ltd (MMM) have jointly been granted leave to institute judicial review proceedings and a stay in relation to the purported Migori SPLs termination. Legal proceedings are ongoing.

Red Rock executed an agreement with Kansai Mining Corporation Ltd ("Kansai"), the majority shareholder in MMM, for a

higher direct stake to 75% in MMM through funding and directing the legal proceedings through to a successful conclusion.

Resource and Geology

The Migori Project's 1.2Moz gold resource lies over five main zones within the Mikei Shear Zone. The mineral resource statement released in December 2012 validated and increased historic resources to Indicated and Inferred JORC status. Gold mineralisation is hosted predominantly within iron-rich mafic volcanic rocks with pervasive carbonate alteration and some felsic igneous intrusive dykes, cut by a major shear zone in close proximity to the Migori granite. The Nyanza prospect is the Company's primary resource area, hosting significant diamond drill intersections up to 31m at 3.91g/t Au.

| Prospect | JORC Classification | Mt | g/t Au | Moz | Cut-off g/t Au |
|-------------------|----------------------|-------------|-------------|------------|----------------|
| KKM | Indicated & Inferred | 17.8 | 1.01 | 0.58 | 0.5 |
| KKM-West | Indicated & Inferred | 4.2 | 1.04 | 0.14 | 0.5 |
| Nyanza | Indicated & Inferred | 2.3 | 2.73 | 0.20 | 0.5 |
| Gori Maria | Indicated | 3.8 | 1.16 | 0.14 | 0.5 |
| MK | Indicated & Inferred | 1.4 | 3.07 | 0.13 | 0.5 |
| Total | | 29.4 | 1.26 | 1.2 | 0.5 |
| Macalder Tailings | Measured | 1.3 | 1.65 | 0.068 | N/A |

Mining – South Africa, Australia

Mn Fe

Jupiter Mines

Manganese and Iron



Introduction

Jupiter Mines Limited is an Australian company with interests in Tshipi é Ntle's manganese mine in South Africa, a Direct Shipping Ore iron project at Mount Mason in Western Australia and a Magnetite project at Mt Ida, also in Western Australia. Red Rock's 25.6m shares (1.2%) in Jupiter have formed a significant part of the Company's investment portfolio since 2007 when Red Rock vended its iron and manganese exploration tenements into then-ASX listed Jupiter.

Jupiter has during the course of 2017 been paying regular dividends in the form of share buybacks and is expected to finish the year having distributed nearly USD1m to Red Rock.

Tshipi

Jupiter owns 49.9% of the open-pit manganese mine Tshipi é Ntle in South Africa. The 163Mt at 37.1%Mn Tshipi mine started production in early 2013 and has since more than doubled its production and export volumes to over 2Mt of Mn ore with capacity now raised to 3.6Mt per annum. Tshipi is one of the world's largest manganese mines and is well positioned to increase market share across global manganese markets. Jupiter has been exploring strategic options regarding its interest in Tshipi, which may result in a trade sale or listing.

Other Projects

Progress at both of Jupiter's Western Australia projects has been slowed by recent low iron ore prices. Mt Ida, in which Red Rock retains a 0.75% production royalty, has a JORC Inferred Mineral Resource Estimate of 1.85bn tonnes at 29.48% Fe. This and the Direct Shipping Ore project at Mt. Mason are currently on care and maintenance.

Highlights

- Tshipi, South Africa
- 49.9% ownership of open-pit manganese mine
- Production increased to 3MT+
- One of the world's largest Mn mines
- Strong manganese prices
- Total expected 2017 buyback amounts to Red Rock – USD1m
- Announced distribution of USD25m to shareholders Q4 2017

USD1m

Total expected distribution
to RRR in 2017

Gold Mining – Colombia

Four Points Mining

Highlights

- Red Rock's former gold assets – sold in 2015
- RRR holds USD750k promissory note and royalty interest of up to USD3m
- Balance of promissory note due in Q2 2018
- Royalty payments ongoing
- Operated by Para Resources (CVE: PBR)
- Plant upgrade programme planned – mill 100tpd to 200tpd+

Gold Mining – Ivory Coast

Ivory Coast Exploration

Highlights

- Gold exploration venture
- Licences under application in central and eastern Ivory Coast
- Significant gold exploration potential
- Multiple gold deposits along trend

Oil & Gas – USA

Shoats Creek

Highlights

- 1,670 acres Beauregard Parish, LA, USA
- Targeting lower FRIO sands
- Low cost onshore vertical wells
- Partnered with AIM listed Mayan Energy Plc (AIM:MYN)
- RRR with 20% working interest/ 14.4% net revenue interest
- Interests in 3 x wells

Principal Risks and Uncertainties

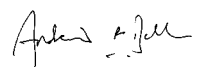
| Key Risk | Description |
|---------------------------------|---|
| Market and Funding Risks | <ul style="list-style-type: none"> • Continued access to equity and debt capital to maintain solvency and to fund operations • Cost of available capital – interest rate fluctuations – discounted equity offerings • Currency volatility in the UK and in currencies in which the Company operates • Company share price volatility • Investor risk appetites • Low world GDP growth – perceived demand for commodities may decline • Natural resource sector and market sentiment • Perceived oversupply of certain commodities – extended low pricing levels |
| Geological Risks | <ul style="list-style-type: none"> • Base probability of exploration and development success • Low rate of deposits and reserves developed from targets • Geological setting variations and data uncertainties • Style of mineralisation and variability of geological targets • Grade/tonnage issues – failure to achieve economic deposits or reserves during development |
| Operational Risks | <ul style="list-style-type: none"> • Operational and development cost variability and uncertainty • Natural resource policy and regulatory changes impact operations • Social licence to operate – permitting and approvals may be denied and/or delayed • Resource nationalism – threatens project ownership during development • Infrastructure access – poor infrastructure may require government upgrades and investment • Staffing and expertise – key geological and operation staff may be difficult to recruit and retain • Breakdowns of key plant and equipment • Extreme weather conditions at operational sites may delay or increase the cost of operations |

The principal risks facing the Group and Company are set out above

Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system. For the Company the term risk is understood as the probability of failure and refers to the probability of delivering an undesirable financial outcome for investors.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. Further details of the Group's financial risk management policies can be found in note 21.3.



Andrew Bell
Chairman and CEO
22 November 2017

Operating Responsibly

Responsible behaviour is fundamental to our success. In order to produce value for all of our stakeholders we must ensure that we operate in harmony with local communities and their environments.

Corporate Social Responsibility

Red Rock's Corporate Social Responsibility ("CSR") policy recognises that as a junior explorer and natural resource investor, the Company has a responsibility to the local communities in which it works, ensuring that the projects it brings off the ground are undertaken with responsible behaviours. The Company's framework for CSR places emphasis on stakeholder engagement and information dissemination, ensuring the local community is aware of plans and activities. Where appropriate, the Company also undertakes sustainable development projects including capacity building, scholarships, and other ventures.

Health and Safety

The Company includes Health and Safety ("H&S") procedures and frameworks in all of its planning and field activities, with emphasis on top-down as well as bottom-up ownership and responsibility, quality training of all personnel, and risk assessments that go beyond regulatory compliance. Comprehensive Risk Assessments of Health and Safety Systems have been developed to identify existing risks, to implement relevant mitigation measures, and to identify potential risks before they may be directly applicable to our operations. Red Rock's H&S strategy includes project and location specific training and H&S inductions, Emergency Response Plans and field team reporting procedures.

Board of Directors

Capable and Synergistic

Andrew Bell

MA, LLB

Chairman and CEO

Andrew Bell began his career as a natural resources analyst at Morgan Grenfell & Co. in the 1970s. His business experience encompasses periods in fund management and advisory work at leading financial institutions, international corporate finance work and private equity. Andrew Bell is Executive Chairman of Regency Mines plc and Non-executive Director of Jupiter Mines Limited.

Michael NottBSc, MSc, DIC, FIMMM, FMES,
FIQ, C.Eng

Non-executive Director

Mike Nott is a geologist and mining engineer by profession and has 40 years' experience in the mining, minerals and quarrying industries. His early career was based in Zambia including nine years with Roan Consolidated Mines Limited. He was a regional manager for Pioneer Aggregates (UK) Limited, then an Australian company, and later a director of Jay Minerals Services Limited and Hills Aggregates Limited, becoming trading director of ARC (Southern) Limited and production director of C White Limited. He is currently a Non-executive director of Alba Mineral Resources plc (AIM) and a director and CEO of Magyar Mining Limited.

Sam Quinn

BA, LLB

Independent non-executive
Director

Sam Quinn has a Bachelor of Laws and Bachelor of Arts from the University of Western Australia and is a qualified lawyer in Western Australia and in England & Wales. He has over a decade's worth of experience in the natural resources sector, in both legal counsel and executive management positions, and is currently the Director of Corporate Finance and Legal Counsel for the Dragon Group, a London-based natural resources venture capital firm. He also holds various other positions in both listed and private mining companies.

Scott Kaintz

BS, MBA

Executive Director
and COO

Scott Kaintz has an MBA from London Business School and Columbia Business School. He began his career as a US Air Force officer working across Europe, the Middle East and Central Asia. More recently he held managerial roles in the defence industry and worked in corporate finance and investment funds in London, focussing primarily on capital raising efforts and debt and equity investments in small-cap companies. He joined Red Rock Resources plc in 2011 as Corporate Finance Manager and has subsequently taken on the role of Chief Operations Officer.



Directors' Report

for the year ended 30 June 2017

The Directors present their fourteenth annual report on the affairs of the Group and Parent Company, together with the Group financial statements for the year ended 30 June 2017.

Results and dividends

The Group's results are set out in the consolidated income statement on page 26. The audited financial statements for the year ended 30 June 2017 are set out on pages 23 to 65.

The Group made a post-tax loss of £1,114,213 (2016: loss of £283,280).

The Directors do not recommend the payment of a dividend (2016: nil).

Business review and future developments

The business review and future developments are dealt with in the Chairman's Review and in the Strategic Report on pages 4 to 7.

Fundraising and share capital

During the year, the Company raised £300,000 (2016: £1,155,323) of new equity by the issue of 75,000,000 Ordinary shares (2016: 1,522,807,864 shares); further details are given in note 18.

Directors

The Directors who served at any time during the period to date are as follows:

Andrew R M Bell
Michael C Nott
Scott Kaintz
Sam Quinn

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2017 were as follows:

| | Ordinary shares | | Total | As percentage of issued share capital | Options | Warrants |
|-----------------|-----------------|------------|------------|---|------------|-----------|
| | Direct | Beneficial | | | | |
| Andrew R M Bell | 7,194,984 | 6,700,017 | 13,894,991 | 2.92% | 17,760,000 | 5,867,167 |
| Michael C Nott | — | 6,228,287 | 6,228,287 | 1.31% | 900,000 | 421,052 |
| Scott Kaintz | — | 6,638,194 | 6,638,194 | 1.39% | 15,680,000 | 1,785,714 |
| Sam Quinn | — | 5,156,766 | 5,156,766 | 1.08% | 3,900,000 | 1,996,240 |

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2016 were as follows:

| | Ordinary shares | | Total | As percentage of issued share capital | Options | Warrants |
|-----------------|-----------------|------------|------------|---|-----------|-----------|
| | Direct | Beneficial | | | | |
| Andrew R M Bell | 7,706,077 | 4,148,914 | 11,854,991 | 3.02% | 5,760,000 | 5,867,167 |
| Michael C Nott | — | 4,236,287 | 4,236,287 | 1.08% | 900,000 | 421,052 |
| Scott Kaintz | — | 4,598,194 | 4,598,194 | 1.17% | 4,680,000 | 1,785,714 |
| Sam Quinn | — | 3,116,766 | 3,116,766 | 0.79% | 900,000 | 1,996,240 |

Events after the reporting period

The events after the reporting period are set out in note 24 to the financial statements.

Substantial shareholdings

On 30 June 2017 and 10 November 2017, the following were registered as being interested in 3% or more of the Company's Ordinary share capital:

| | 30 June 2017 | | 10 November 2017 | |
|--|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| | Ordinary shares of £0.0001 each | Percentage of issued share capital | Ordinary shares of £0.0001 each | Percentage of issued share capital |
| Vidacos Nominees Limited – Designation CLRLUX2 | — | — | 63,174,787 | 13.07% |
| Barclays Direct Investing Nominees Limited – Designation CLIENT 1 | — | — | 56,351,420 | 11.66% |
| Barclayshare Nominees Limited | 47,298,966 | 9.94% | — | — |
| Hargreave Hale Nominees Limited – Designation LON | 36,577,427 | 7.68% | — | — |
| TD Direct Investing Nominees (Europe) Limited – Designation SMKTNOMS | 34,490,356 | 7.25% | 35,191,257 | 7.28% |
| Beaufort Nominees Limited – Designation SSLNOMS | 31,164,038 | 6.55% | — | — |
| Hargreaves Lansdown (Nominees) Limited – Designation VRA | 22,611,710 | 4.75% | 23,405,054 | 4.84% |
| Huntress (CI) Nominees Limited – Designation KGCLT | 21,315,971 | 4.48% | 21,315,971 | 4.41% |
| HSBC Client Holdings Nominee (UK) Limited | 19,310,133 | 4.06% | 19,319,852 | 4.00% |
| Red Rock Resources Plc Share Incentive Plan | 19,301,333 | 4.05% | 22,181,333 | 4.59% |
| HSDL Nominees Limited | 18,330,471 | 3.85% | 26,714,357 | 5.53% |
| Hargreaves Lansdown (Nominees) Limited – Designation 15942 | — | — | 15,626,179 | 3.23% |
| Total number of shares in issue | 476,037,740 | | 483,417,740 | |

Auditor

A resolution proposing the re-appointment of Chapman Davis LLP as auditor is contained in the Notice of Annual General Meeting and will be put to shareholders at the Annual General Meeting.

Management incentives

In the year to 30 June 2017, the Company granted options over a total of 35,000,000 Ordinary shares (2016: 13,320,000). As at 30 June 2017, 48,320,000 of these options were outstanding (2016: 13,320,000).

In January 2012 the Company implemented a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who had served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment;
- the Company to award free shares to a maximum of £3,600 per employee per annum; and
- all shares awarded under the Plan are held by SIP Trustees and such shares cannot be released to participants until five years after the date of award, except in specific circumstances.

The subscriptions remain free of taxation and national insurance, if held for five years.

In January 2016 the Directors approved an EMI (enterprise management incentive) scheme, and all options granted by the Company in the year to 30 June 2017 to Executive Directors and full-time employees have been granted under the EMI scheme.

Further details on share options and the Share Incentive Plan are set out in note 20 to the financial statements.

Directors' Report

for the year ended 30 June 2017 continued

Directors' remuneration report

The remuneration of the Executive Directors paid during the year was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-executive Directors paid during the year was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

A fee was paid to each Director for the year ended 30 June 2017. In addition, certain fees and expenses were paid to businesses with which the Directors are associated, as set out in note 7 to the financial statements.

Each Director is entitled to participate in the Share Incentive Plan.

The Company also has a Group Personal Pension Scheme for all eligible employees, including the Directors. The Scheme is an insured, defined contribution arrangement with all members entitled to an employer pension contribution equivalent to 4.5% of basic salary, subject to the individual agreeing to make a minimum contribution to the Scheme equivalent to 0.8% of basic salary (subject to statutory and regulatory conditions). The Scheme is available on a salary sacrifice basis, with 100% of the employer's national insurance saving passed on to the member by way of an enhanced employer contribution to the Scheme of an equivalent amount.

The Company is closely associated with Regency Mines plc, which had a 1.91% interest in the Company as at 30 June 2017 (2016: 2.32%). The Company had a 0.29% interest in Regency Mines plc as at 30 June 2017 (2016: 4.37%). Two Directors, Andrew Bell and Scott Kaintz, are also directors of and are paid by Regency Mines plc. The amount of their remuneration is not required to be disclosed in the Company financial statements, but is fully disclosed in the financial statements of Regency Mines plc.

Corporate Governance Statement

A corporate governance statement follows on pages 21 and 22.

Control procedures

The Board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

Environmental responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company policy is to follow the best international practice in mitigating and minimising impacts through exploration and mining activities. The Company ensures that it and its subsidiaries comply with the local regulatory requirements, and industry standards for environmental and social risk management.

Employment policies

The Group is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and safety

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective, the Group provides training and support to employees and sets demanding standards for workplace safety.

Going concern

The Group has incurred a loss of £1,114,213 for the year ended 30 June 2017. At that date there was a net current assets of £299,701 (2016: net current liability of £945,374). The loss resulted mainly from further £1.49m impairment of the Company's iron exploration assets in Greenland. Cash and cash equivalents were £909k at year end.

On 10 November 2017 the Company announced the issuance of up to £1,000,000 of convertible loan notes, with the first tranche closing at £495,000. The notes carry a 10% interest rate and are convertible at a premium to the share price at issuance, being convertible at £0.008. Each note holder also received warrants equating to 62,500 warrants for each £1,000 loan note and which allows the warrant holder to subscribe for ordinary shares in the Company at a price of £0.014 until 19 December 2019.

During the reporting year the Company has continued to receive proceeds from the sale of its gold interests in Colombia. The Company has a three-year convertible promissory note of USD1.0m secured over the assets of its former gold mine and associated plant and bearing interest of 5% per annum due in 2018. A partial pre-payment of this note occurred on 09 June 2017, whereby USD250,000 was paid as part of a settlement agreement involving waiver of the potential conversion rights, with the balance of the note plus interest, estimated at USD783k, due in 2018.

Additional payments of up to USD2.0m will be paid in the form of a 3% net smelter royalty payable quarterly on gold production and these payments continued in 2017 and totalled USD36,747 to 30 June 2017. The Company estimates that approximately £400k will be paid out towards the initial USD2m royalty during 2018 based on updated projections from the operator in Colombia. A final royalty stream of up to USD1.0m will be paid following the payment in full of the initial net smelter royalty in the form of a 0.5% net smelter royalty.

On 21 November 2016, Jupiter Mines Ltd, where the Company holds a 1.2% stake, announced that it plans to make a cash distribution to its shareholders, which it completed in March 2017. In announcements on 31 July 2017, 11 September 2017 and 28 September 2017 Jupiter announced its intentions to buy back a further 4% of its outstanding share capital as part of a USD25m distribution expected to complete in December 2017. Red Rock announced its intention to accept this second buyback and the Company expects the total proceeds of these two buybacks to be over USD950,000 for the calendar year.

In the longer term, Jupiter may look to re-list or to dispose of its main production asset, the Tshipi Manganese Mine in South Africa, which would likely result in a significant value crystallisation event for the Company. If a strategic exit or IPO does not happen the Company expects to receive dividend or buyback payments in roughly the same quantity in 2018 as it did in 2017 provided manganese pricing levels are stable.

Income streams from the Company's investment in Steelmin are set to begin with smelter recommissioning in Q1 2018. Given the differences in loan duration the Company would have expected to reduce its outstanding debt to under USD3m by the end of January 2018, whereas the amount due to be repaid by Steelmin in February 2018 will sit at €4.32m. The repayment of this loan on schedule should, once borrowings are repaid, net the Company approximately £1.5m in surplus cash. The Company expects the £1,000,000 of convertible loan notes issued in November to bridge the timing gap between repayments due for its Steelmin borrowings and the date the loan from Steelmin is set to be repaid.

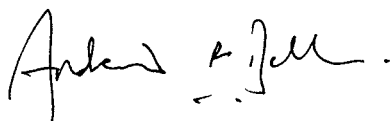
The Company retains a very lean operating structure, with three employees and both accounting and geological services remaining outsourced. The Company is continuing these cost control efforts by downsizing its offices following the end of its lease in Q4 2017.

The Directors are confident in the Company's ability to raise new finance from equity and debt markets when required, as demonstrated by the USD4.4m in debt taken on in 2017 to invest in Steelmin Ltd, the up to £1,000,000 of convertible loan notes announced in November 2017 and the £300,000 in new equity raised during this period.

The Directors have concluded that the combination of these circumstances means that preparation of the Group's financial statements on a going concern basis is appropriate. The Company's income has increased due to multiple revenue streams as well as the return on prior investments such as Jupiter Mines. The Group expects to receive cash flows from its ongoing disposal and debt repayment in Colombia, debt repayment and potential revenues from its investment in Steelmin, and either a complete exit or ongoing distributions from its holdings in Jupiter Mines.

As sentiment in natural resource investment and development continues to improve, driven in large part by expectations for rapid development of electric vehicles, home battery storage, and grid level storage and associated infrastructure, the Directors feel strongly that they will be able to access capital and fund the business as required during 2018.

By order of the Board
Signed by:



Andrew Bell
Chairman and CEO
22 November 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Red Rock Resources plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the UK Corporate Governance Code, which sets out the principles of good governance, and the Code of Best Practice for listed companies. The UK Corporate Governance Code does not apply to AIM companies. The Company does not comply with the UK Corporate Governance Code. However, the Directors have reported on Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code which are considered to be relevant to the Company and best practice.

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. Non-executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Responsibilities of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day-to-day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

Board of Directors

The Board of Directors comprises four Directors, one of whom is Executive Chairman and Chief Executive as of the year end. In addition, there is one Executive Director, one Independent Non-executive Director, being Sam Quinn, and one Non-executive Director who has previously provided professional services to the Company and who therefore does not qualify as independent.

The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Corporate Governance Code have been implemented to an appropriate level. The Board, through the Executive Chairman and the Executive and Non-executive Directors, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

All Directors have access to the advice of the Company's solicitors and the Company Secretary, necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Executive Chairman

The Board acknowledges that, in having an Executive Chairman who is also the Chief Executive Officer, best practice, as stated in the listing rules of the Financial Services Authority applicable to the main market, is not being followed. However, it is the opinion of the Board as a whole that the current arrangements are appropriate to the Company and Group at this stage of development.

Board meetings

The Board meets regularly throughout the year. During the year ended 30 June 2017 the Board met seven times in relation to normal operational matters.

Board committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting, including accounting policies, and internal financial controls. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets at least twice a year, once with the auditor, and is comprised of Michael Nott, Independent Non-executive Director, as Chairman and Sam Quinn, Non-executive Director. The Executive Chairman and senior personnel attend the Committee as requested by the Committee.

It is the responsibility of the Committee to review the annual and half-yearly financial statements, to ensure that they adequately comply with appropriate accounting policies, practices and legal requirements, to recommend to the Board their adoption, and to consider the independence of and to oversee the management's appointment of the external auditor.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Executive Directors' remuneration. It comprises two suitably qualified Non-executive Directors: Sam Quinn as Chairman and Michael Nott. The Executive Chairman and other senior personnel attend meetings as requested by the Committee, which meets at least twice a year.

Corporate Governance Statement

continued

Nominations Committee

The Board has not established a Nominations Committee. The Board considers that a separately established committee is not warranted at this stage of the Group's development and that the functions of such a committee are being adequately discharged by the Board as a whole.

Ethical decision making

Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and all staff have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated.

Bribery

In accordance with the provisions of the Bribery Act, all Directors and staff have been informed and have acknowledged that it is an offence under the act to engage in any form of bribery. The Company has an anti-bribery and whistleblowing policy in force.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in the light of increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Insurance

The Group maintains insurance in respect of its Directors and officers against liabilities in relation to the Company.

Treasury policy

The Group finances its operations through equity, loans and sales of investments. The Group holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

Securities trading and share dealing

In accordance with the AIM Rules and MAR, the Board has adopted the Share Dealing Code that applies to Directors, senior management and any employee who is in possession of "inside information". All such persons are prohibited from trading in the Company's securities if they are in possession of "inside information". Subject to this condition and trading prohibitions applying to "close periods" (30 days prior to the publication of the interim and final audited accounts), trading can occur provided the relevant individual has received the appropriate prescribed clearance. All Directors and staff are required to advise the Executive Chairman, or other designated person, of their intention to undertake a transaction in the Company's shares. Such a transaction will be prohibited if the Director or employee is considered to be in possession of non-public material information.

Relations with shareholders

The Board recognises that it is accountable to shareholders for the performance and activities of the Company and Group and to this end is committed to providing effective communication with the shareholders of the Company.

Significant developments are disseminated through stock exchange announcements and regular updates of the Company website where descriptions of the Group projects are available and updated regularly. In addition, copies of press comments, broker notes, video updates and presentations are available. On the website, shareholders may sign up to receive news releases directly by email.

The Board views the Annual General Meeting as an important forum for communication between the Company and its shareholders and encourages shareholders to express their views on the Group's business activities and performance.

Takeover Code

The Company is subject to the UK City Code on Takeovers and Mergers.

Independent Auditor's Report to the Members of Red Rock Resources plc

Opinion

We have audited the financial statements of Red Rock Resources plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2017 which comprise the Consolidated and Company Statements of financial position, the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, and the related notes 1 to 27, including the principal accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's and the Parent Company's results for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Available for sale financial assets

The Group's Available for sale financial assets represent a significant asset on its statement of financial position totalling £6,080,146 as at 30 June 2017.

Management and the Board are required to ensure that Available for sale financial assets are carried in the statement of financial position at fair value and accord with the Group's accounting policy.

Given the significance of the Available for sale financial assets on the Group's statement of financial position and the significant management judgement involved in the determination of the valuation methodology on the class of unquoted equity investments and the assessment of the carrying values of these investments there is an increased risk of material misstatement.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment and valuation methodology as applicable to its holding in Jupiter Mines Limited with consideration of:

- the share buyback programme completed in March 2017 and that announced to complete in December 2017;
- the available valuations of Jupiter Mines Limited's interest in the Tshipi manganese joint venture in South Africa which include a large number of predictions and uncertainties arising in the estimations of production levels, manganese prices and revenues therefrom, costs and long-term exchange rates; and
- third party interest in the acquisition of strategic stakes in Jupiter Mines Limited and/or its joint-venture partners.

We also assessed the disclosures included in the financial statements and our results found the carrying value for Available for sale financial assets and the £4.2 million surplus allocated to other comprehensive income to be acceptable.

The materiality for the group financial statements as a whole was set at £250,000, less than 1.5% of Total Group Assets with a lower materiality set at £150,000 for unquoted equity investments, less than 2.5% of the carrying value of these assets.

Independent Auditor's Report to the Members of Red Rock Resources plc continued

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit we have not identified material misstatements in the Strategic Report or the Directors' Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Rowan Palmer

(Senior Statutory Auditor)

for and on behalf of Chapman Davis LLP

Chartered Accountants and Statutory Auditors

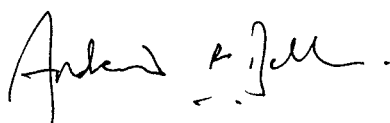
London, United Kingdom

22 November 2017

Consolidated Statement of Financial Position as at 30 June 2017

| | Notes | 30 June 2017 £ | 30 June 2016 £ |
|--|-------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 15,600 | 17,400 |
| Investments in associates and joint ventures | 11 | 963,080 | 2,459,638 |
| Exploration assets | 12 | 280,460 | 280,460 |
| Available for sale financial assets | 13 | 6,080,146 | 1,976,552 |
| Non-current receivables | 15 | 4,543,755 | 4,838,559 |
| Total non-current assets | | 11,883,041 | 9,572,609 |
| Current assets | | | |
| Cash and cash equivalents | 14 | 909,094 | 26,564 |
| Other receivables | 16 | 4,202,880 | 939,554 |
| Total current assets | | 5,111,974 | 966,118 |
| Total assets | | 16,995,015 | 10,538,727 |
| Equity and liabilities | | | |
| Equity attributable to owners of the Parent | | | |
| Called up share capital | 18 | 2,760,859 | 2,752,487 |
| Share premium account | | 25,604,689 | 25,275,788 |
| Other reserves | | 4,855,879 | 523,431 |
| Retained earnings | | (21,022,232) | (19,910,736) |
| Total | | 12,199,195 | 8,640,971 |
| Non-controlling interest | | (16,453) | (13,736) |
| Total equity | | 12,182,742 | 8,627,235 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 17 | 1,553,665 | 1,854,002 |
| Short-term borrowings | 17 | 3,258,608 | 57,490 |
| Total current liabilities | | 4,812,273 | 1,911,492 |
| Total equity and liabilities | | 16,995,015 | 10,538,727 |

These financial statements on pages 23 to 65 were approved by the Board of Directors and authorised for issue on 22 November 2017 and are signed on its behalf by:



Andrew Bell
Chairman and CEO

The accompanying notes form an integral part of these financial statements.

Consolidated Income Statement for the year ended 30 June 2017

| | Notes | Year to 30 June 2017 £ | Year to 30 June 2016 £ |
|--|-------|---------------------------------|---------------------------------|
| Loss on sales of investments | | (60,785) | — |
| Gain on sale of associates | | — | 599,225 |
| Impairment of investment in associates and joint ventures | 11 | (1,496,550) | (1,500,000) |
| Exploration expenses | | (42,190) | (119,768) |
| Administration expenses | | (644,688) | (758,351) |
| Share of losses of associates | 11 | (8) | (9,240) |
| Provision for bad debts | | (140,178) | (57,768) |
| Other income and currency gain on MFP receivable | 4 | 351,944 | 918,767 |
| Other currency gain | | 47,658 | 346,155 |
| Finance income, net | 4 | 870,584 | 297,700 |
| Loss for the year before taxation from continuing operations | 3 | (1,114,213) | (283,280) |
| Tax | 5 | — | — |
| Loss for the year from continuing operations | | (1,114,213) | (283,280) |
| Loss for the year | | (1,114,213) | (283,280) |
| Loss for the year attributable to: | | | |
| Equity holders of the Parent | | (1,111,496) | (275,035) |
| Non-controlling interest | | (2,717) | (8,245) |
| | | (1,114,213) | (283,280) |
| Loss per share attributable to owners of the Parent: | | | |
| Basic loss per share | | | |
| – Loss from continuing operations | | (0.24) pence | (0.10) pence |
| Total | 8 | (0.24) pence | (0.10) pence |
| Diluted | | | |
| – Loss from continuing operations | | (0.24) pence | (0.10) pence |
| Total | 8 | (0.24) pence | (0.10) pence |

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income for the year ended 30 June 2017

| | Notes | 30 June 2017 £ | 30 June 2016 £ |
|---|-------|----------------------|----------------------|
| (Loss) for the year | | (1,114,213) | (283,280) |
| Other comprehensive income | | | |
| Items that will be reclassified subsequently to profit or loss | | | |
| Surplus/(deficit) on revaluation of available for sale investment | 13 | 4,217,753 | 157,286 |
| Unrealised foreign currency gain arising upon retranslation of foreign operations | | 17,095 | 19,905 |
| Total other comprehensive income net of tax for the year | | 4,234,848 | 177,191 |
| Total comprehensive income/(expense) net of tax for the year | | 3,120,635 | (106,089) |
| Total comprehensive expense net of tax attributable to: | | | |
| Owners of the Parent | | 3,123,352 | (97,844) |
| Non-controlling interest | | (2,717) | (8,245) |
| | | 3,120,635 | (106,089) |

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2017

The movements in equity during the period were as follows:

| | Share capital £ | Share premium account £ | Retained earnings £ | Other reserves £ | Total attributable to owners of the Parent £ | Non-controlling interest £ | Total equity £ |
|--|--------------------|----------------------------|------------------------|---------------------|---|-------------------------------|-------------------|
| As at 30 June 2015 | 2,600,207 | 24,285,503 | (19,747,630) | 394,899 | 7,532,979 | (5,491) | 7,527,488 |
| Changes in equity for 2016 | | | | | | | |
| Loss for the year | — | — | (275,035) | — | (275,035) | (8,245) | (283,280) |
| Disposal of subsidiary | — | — | — | — | — | — | — |
| Other comprehensive income for the year | — | — | — | 177,191 | 177,191 | — | 177,191 |
| Transactions with owners | | | | | | | |
| Issue of shares | 151,541 | 1,003,782 | — | — | 1,155,323 | — | 1,155,323 |
| Share issue costs | — | (40,500) | — | — | (40,500) | — | (40,500) |
| Share issue in relation to SIP | 740 | 27,003 | — | — | 27,743 | — | 27,743 |
| Share-based payment transfer | — | — | 111,929 | (48,659) | 63,270 | — | 63,270 |
| Total transactions with owners | 152,281 | 990,285 | 111,929 | (48,659) | 1,205,836 | — | 1,205,836 |
| As at 30 June 2016 | 2,752,488 | 25,275,788 | (19,910,736) | 523,431 | 8,640,971 | (13,736) | 8,627,235 |
| Changes in equity for 2017 | | | | | | | |
| Loss for the year | — | — | (1,111,496) | — | (1,111,496) | (2,717) | (1,114,213) |
| Other comprehensive income for the year | — | — | — | 4,234,848 | 4,234,848 | — | 4,234,848 |
| Transactions with owners | | | | | | | |
| Issue of shares | 7,500 | 292,500 | — | — | 300,000 | — | 300,000 |
| Share issue costs | — | (15,000) | — | — | (15,000) | — | (15,000) |
| Share issue in relation to SIP | 871 | 51,401 | — | — | 52,272 | — | 52,272 |
| Share-based payment transfer | — | — | — | 97,600 | 97,600 | — | 97,600 |
| Total transactions with owners | 8,371 | 328,901 | — | 97,600 | 434,872 | — | 434,872 |
| As at 30 June 2017 | 2,760,859 | 25,604,689 | (21,022,232) | 4,855,879 | 12,199,195 | (16,453) | 12,182,742 |

| | Available for sale trade investments reserve £ | Associate investments reserve £ | Foreign currency translation reserve £ | Share-based payment reserve £ | Total other reserves £ |
|--|---|------------------------------------|---|----------------------------------|---------------------------|
| As at 30 June 2015 | 141,810 | — | 141,160 | 111,929 | 394,899 |
| Changes in equity for 2016 | | | | | |
| Other comprehensive income for the year | 157,286 | — | 19,905 | — | 177,191 |
| Transactions with owners | | | | | |
| Share-based payment transfer | — | — | — | (48,659) | (48,659) |
| Total transactions with owners | — | — | — | (48,659) | (48,659) |
| As at 30 June 2016 | 299,096 | — | 161,065 | 63,270 | 523,431 |
| Changes in equity for 2017 | | | | | |
| Other comprehensive income for the year | 4,217,753 | — | 17,095 | — | 4,234,848 |
| Transactions with owners | | | | | |
| Share-based payment transfer | — | — | — | 97,600 | 97,600 |
| Total transactions with owners | — | — | — | 97,600 | 97,600 |
| As at 30 June 2017 | 4,516,849 | — | 178,160 | 160,870 | 4,855,879 |

See note 19 for a description of each reserve included above.

Consolidated Statement of Cash Flows for the year ended 30 June 2017

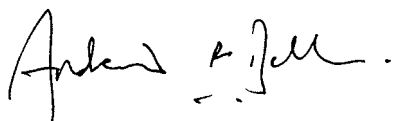
| | Notes | Year to 30 June 2017 £ | Year to 30 June 2016 £ |
|---|-------|---------------------------------|---------------------------------|
| Cash flows from operating activities | | | |
| (Loss) before tax from discontinued operations | | (1,114,213) | (283,280) |
| (Loss) before tax | | (1,114,213) | (283,280) |
| Decrease/(increase) in receivables | | 29,126 | (936,540) |
| Decrease in payables | | (300,338) | (244,269) |
| Share of losses in associates | | 8 | 9,240 |
| Interest receivable and finance income from MFP | 4 | (620,053) | (323,229) |
| Dividend income | 4 | (538,740) | — |
| Interest payable | 4 | 11,086 | 25,529 |
| Share-based payments | | 142,732 | 91,013 |
| Foreign exchange gain/loss | | (122,480) | (292,230) |
| Impairment of associates and joint ventures | | 1,496,550 | 1,500,000 |
| Gain on sale of associates | | — | (599,225) |
| Gain on sale of available for sale investments | | 60,785 | — |
| Provision for bad debts | | 140,178 | 57,769 |
| Depreciation | | 1,800 | 867 |
| Net cash outflow from operations | | (813,559) | (994,356) |
| Corporation tax reclaimed/(paid) | | — | — |
| Net cash used in operations | | (813,559) | (994,356) |
| Cash flows from investing activities | | | |
| Interest received | | — | 34,785 |
| Proceeds on sale of available for sale investments | | 150,659 | — |
| Dividends received | | 538,740 | — |
| Proceeds on sale of associates | | — | 599,225 |
| Loan to Steelmin | | (2,427,378) | — |
| Payments to acquire available for sale investments | | (96,435) | (487,500) |
| Payments to acquire exploration assets | | — | (280,460) |
| Payments to acquire property, plant and equipment | | — | (18,000) |
| Net cash inflow from investing activities | | (1,834,414) | (151,950) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 300,000 | 1,155,323 |
| Transaction costs of issue of shares | | (15,000) | (40,500) |
| Interest paid | | (194) | (25,529) |
| Proceeds of new borrowings | | 3,308,774 | 175,000 |
| Repayments of borrowings | | (59,377) | (120,850) |
| Net cash inflow from financing activities | | 3,534,203 | 1,143,444 |
| Net (decrease)/increase in cash and cash equivalents | | 886,230 | (2,862) |
| Cash and cash equivalents at the beginning of period | | 26,564 | 29,426 |
| Exchange (losses)/gains on cash and cash equivalents | | (3,700) | — |
| Cash and cash equivalents at end of period | 14 | 909,094 | 26,564 |

The accompanying notes and accounting policies form an integral part of these financial statements.

Company Statement of Financial Position as at 30 June 2017

| | Notes | 30 June 2017 £ | 30 June 2016 £ |
|--|-------|----------------------|----------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 15,600 | 17,400 |
| Investments in subsidiaries | 10 | 941 | 941 |
| Investments in associates and joint ventures | 11 | 1,048,216 | 2,544,765 |
| Available for sale financial assets | 13 | 6,080,146 | 1,976,552 |
| Non-current receivables | 15 | 4,543,755 | 4,838,558 |
| Total non-current assets | | 11,688,658 | 9,378,216 |
| Current assets | | | |
| Cash and cash equivalents | 14 | 905,135 | 24,370 |
| Other receivables | 16 | 4,576,789 | 1,273,496 |
| Total current assets | | 5,481,924 | 1,297,866 |
| Total assets | | 17,170,582 | 10,676,082 |
| Equity and liabilities | | | |
| Called up share capital | 18 | 2,760,859 | 2,752,489 |
| Share premium account | | 25,604,689 | 25,275,784 |
| Other reserves | | 4,679,070 | 363,715 |
| Retained earnings | | (20,682,534) | (19,606,456) |
| Total equity | | 12,362,084 | 8,785,532 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 17 | 1,549,892 | 1,833,060 |
| Short-term borrowings | 17 | 3,258,608 | 57,490 |
| Total current liabilities | | 4,808,500 | 1,890,550 |
| Non-current liabilities | | | |
| Total equity and liabilities | | 17,170,582 | 10,676,082 |

These financial statements on pages 23 to 65 were approved by the Board of Directors and authorised for issue on 22 November 2017 and are signed on its behalf by:



Andrew Bell
Chairman and CEO

The accompanying notes form an integral part of these financial statements.

Company Statement of Changes in Equity for the year ended 30 June 2017

The movements in equity during the period were as follows:

| | Share capital £ | Share premium account £ | Retained earnings £ | Other reserves £ | Total equity £ |
|--|-----------------------|----------------------------------|---------------------------|------------------------|----------------------|
| As at 30 June 2015 | 2,600,207 | 24,285,503 | (19,242,714) | 255,090 | 7,898,086 |
| Changes in equity for 2016 | | | | | |
| Loss for the year | — | — | (475,671) | — | (475,671) |
| Other comprehensive income for the year | — | — | — | 157,286 | 157,286 |
| Transactions with owners | | | | | |
| Issue of shares | 151,541 | 1,003,782 | — | — | 1,155,323 |
| Share issue costs | — | (40,500) | — | — | (40,500) |
| Share issues in relation to SIP | 740 | 27,003 | — | — | 27,743 |
| Share-based payment transfer | — | — | 111,929 | (48,659) | 63,270 |
| Total transactions with owners | 152,281 | 990,285 | 111,929 | (48,659) | 1,205,836 |
| As at 30 June 2016 | 2,752,488 | 25,275,788 | (19,606,456) | 363,717 | 8,785,537 |
| Changes in equity for 2017 | | | | | |
| Loss for the year | — | — | (1,076,078) | — | (1,076,078) |
| Other comprehensive income for the year | — | — | — | 4,217,753 | 4,217,753 |
| Transactions with owners | | | | | |
| Issue of shares | 7,500 | 292,500 | — | — | 300,000 |
| Share issue costs | — | (15,000) | — | — | (15,000) |
| Share issues in relation to SIP | 871 | 51,401 | — | — | 52,272 |
| Share-based payment transfer | — | — | — | 97,600 | 97,600 |
| Total transactions with owners | 8,371 | 328,901 | — | 97,600 | 434,872 |
| As at 30 June 2017 | 2,760,859 | 25,604,689 | (20,682,534) | 4,679,070 | 12,362,084 |

| | Available for sale trade investments reserve £ | Share-based payment reserve £ | Total other reserves £ |
|--|--|--|---------------------------------|
| As at 30 June 2015 | 143,161 | 111,929 | 255,090 |
| Changes in equity for 2016 | | | |
| Other comprehensive income for the year | 157,286 | — | 157,286 |
| Transactions with owners | | | |
| Share-based payment transfer | — | (48,659) | (48,659) |
| Total transactions with owners | — | (48,659) | (48,659) |
| As at 30 June 2016 | 300,447 | 63,270 | 363,717 |
| Changes in equity for 2017 | | | |
| Other comprehensive income for the year | 4,217,753 | — | 4,217,753 |
| Transactions with owners | | | |
| Share-based payment transfer | — | 97,600 | 97,600 |
| Total transactions with owners | — | 97,600 | 97,600 |
| As at 30 June 2017 | 4,518,200 | 160,870 | 4,679,070 |

See note 19 for a description of each reserve included above.

Company Statement of Cash Flows for the year ended 30 June 2017

| | 30 June 2017 £ | 30 June 2016 £ |
|---|----------------------|----------------------|
| Cash flows from operating activities | | |
| Loss before taxation | (1,076,076) | (475,671) |
| (Increase) in receivables | (10,674) | (1,229,274) |
| Decrease in payables | (283,170) | (260,726) |
| Dividend income | (538,740) | — |
| Interest receivable and finance income | (620,053) | (323,229) |
| Interest payable | 10,612 | 24,575 |
| Share-based payments | 142,732 | 91,013 |
| Impairment of investments in associates and joint ventures | 1,496,550 | 1,500,000 |
| Loss on sale of investments | 60,785 | — |
| (Gain) on sale of associates | — | (344,569) |
| Provision for bad debts | 140,178 | 57,769 |
| Foreign exchange (gain) | (142,968) | (312,134) |
| Depreciation | 1,800 | 867 |
| Net cash outflow from operations | (819,024) | (1,271,379) |
| Corporation tax | — | — |
| Net cash used in operations | (819,023) | (1,271,379) |
| Cash flows from investing activities | | |
| Interest received | — | 34,785 |
| Dividends received | 538,740 | — |
| Loan to Steelmin | (2,427,378) | — |
| Proceeds of sale of available for sale investments | 150,659 | — |
| Proceeds from sale of associates | — | 599,225 |
| Payments to acquire available for sale investments | (96,435) | (487,500) |
| Payments to acquire property, plant and equipment | — | (18,000) |
| Net cash outflow from investing activities | (1,834,414) | 128,510 |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 300,000 | 1,155,323 |
| Transaction costs of issue of shares | (15,000) | (40,500) |
| Interest paid | (194) | (24,575) |
| Proceeds of new borrowings | 3,308,774 | 175,000 |
| Repayments of borrowings | (59,377) | (120,850) |
| Net cash inflow from financing activities | 3,534,203 | 1,144,398 |
| Net increase/(decrease) in cash and cash equivalents | 880,765 | 1,529 |
| Cash and cash equivalents at the beginning of period | 24,370 | 22,841 |
| Cash and cash equivalents at end of period | 905,135 | 24,370 |

The accompanying notes and accounting policies form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2017

1 Principal accounting policies

1.1 Authorisation of financial statements and statement of compliance with IFRS

The Group financial statements of Red Rock Resources plc for the year ended 30 June 2017 were authorised for issue by the Board on 22 November 2017 and the statement of financial position signed on the Board's behalf by Andrew Bell. Red Rock Resources plc is a public limited company incorporated and domiciled in England and Wales. The Company's Ordinary shares are traded on AIM.

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS") and the requirements of the Companies Act applicable to companies reporting under IFRS.

The financial statements have been prepared on the cost basis, except for certain financial instruments, which are carried as described in the respective sections in the policies below. The principal accounting policies adopted are set out below.

Company statement of comprehensive income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The Company's loss for the financial year was £1,114,213 (2016: £475,671). The Company's other comprehensive income for the financial year was £4,217,753 (2016: £157,286 income).

Amendments to published standards effective for the year ended 30 June 2017

New standards, amendments and interpretations effective for the periods from 1 January 2016

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none have a material effect on the Group and Company:

- Annual Improvements to IFRSs (2012-2014 cycle): IAS 19 Employee Benefits, IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures;
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investments in Associates and Joint Venture (2011);
- Amendments to IFRS 11 Joint Arrangements in relation to accounting for acquisition of interests in joint operations.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 July 2016 that had a significant effect on the Group's financial statements.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- IFRS 9 Financial Instruments, effective for accounting periods beginning on or after 1 January 2018;
- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2017;
- Amendments to IAS 12 Deferred Tax relating to recognition of deferred tax assets for unrealised losses, effective for periods beginning on or after 1 January 2017 (not yet endorsed in the EU);
- Amendments to IAS 7 Financial Instruments: Disclosures, effective for accounting periods beginning on or after 1 January 2017 (not yet endorsed in the EU);
- Annual Improvements to IFRSs (2014-2016 cycle), Amendments to IFRS 12, effective for accounting periods beginning on or after 1 January 2017 (not yet endorsed in the EU).

The effects of IFRS 15 Revenues from Contracts with Customers and IFRS 9 Financial Instruments are still being assessed, but it is not expected that these new standards and the amendments mentioned above may have a significant effect on the Group or Company's future financial statements.

Standards adopted early by the Group

The Group has not adopted any standards or interpretations early in either the current or the preceding financial year.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

1 Principal accounting policies continued

1.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and subsidiaries controlled by the Company made up to 30 June each year.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain economic benefits from their activities. Subsidiaries are consolidated from the date on which control is obtained, the acquisition date, up until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date, about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Non-controlling interests in subsidiaries are measured at the proportionate share of the fair value of their identifiable net assets.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

For the years ended 30 June 2017 and 30 June 2016, the consolidated financial statements combine those of the Company with those of its subsidiaries, Red Rock Australasia Pty Ltd and Red Rock Kenya Ltd.

The Group's dormant subsidiary Intrepid Resources Limited, Red Rock Resources Inc., Ivory Coast, Red Rock Cote D'Ivoire sarl and Basse Terre sarl, have been excluded from consolidation on the basis of the exemption provided by Section 405(2) of the Companies Act 2006 that their inclusion is not material for the purpose of giving a true and fair view.

Non-controlling interests

Profit or loss and each component of other comprehensive income are allocated between the aims of the Parent and non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any differences between the adjustment for the non-controlling interest and the fair value of consideration paid or received are recognised in equity.

1.4 Summary of significant accounting policies

1.4.1 Property, plant and equipment

Assets in the course of construction are stated at cost, less any identified impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

Field equipment and fixtures and fittings are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

| | |
|---------------------------|--|
| Mines | 5% per annum |
| Field equipment | 33% per annum |
| Fixtures and fittings | 10% per annum |
| Assets under construction | not depreciated until brought into use |

1.4.2 Investment in associates

An associate is an entity over which the Group has the power to exercise significant influence, but not controlled or jointly controlled by the Group, through participation in the financial and operating policy decisions of the investee.

Investments in associates are recognised in the consolidated financial statements using the equity method of accounting. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised directly in other comprehensive income. The carrying value of the investment, including goodwill, is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred, in which case appropriate provision is made for impairment.

In the Company accounts investments in associates are recognised and held at cost. The carrying value of the investment is tested for impairment when there is objective evidence of impairment.

1.4.3 Interests in joint ventures

The Group recognises its interest in the jointly controlled entity's assets and liabilities using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group income statement reflects the share of the jointly controlled entity's results after tax.

Any goodwill arising on the acquisition of a jointly controlled entity is included in the carrying amount of the jointly controlled entity and is not amortised. To the extent that the net fair value of the entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the entity's profit or loss in the period in which the investment is acquired.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group's and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

The Company has a 60% interest in Melville Bay Limited (formerly known as "NAMA Greenland Limited"). The Company does not have significant control over Melville Bay Limited but has joint control along with North Atlantic Mining Associates Limited and International Media Projects Ltd through a contractual joint venture arrangement making it a jointly controlled entity.

Financial statements for Melville Bay Limited are prepared as at and for the year ended 30 November 2016. The joint venture entity prepares, for the use of the Group, financial statements as of the same date as the financial statements of the Group.

1.4.4 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

When a non-current asset ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) the asset is measured at the lower of: its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and its recoverable amount at the date of the subsequent decision not to sell.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

1 Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.5 Taxation

Corporation tax payable is provided on taxable profits at the current rate. The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity; or
- different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

1.4.6 Foreign currencies

Both the functional and presentational currency of Red Rock Resources plc is Sterling (£). Each Group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign subsidiaries are Australian Dollars (AUD) and Kenyan Shillings.

Transactions in currencies other than the functional currency of the relevant entity are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are recognised as other comprehensive income and are transferred to the Group's foreign currency translation reserve.

1.4.7 Share-based payments

Share options

The Group operates an equity-settled share-based payment arrangement whereby the fair value of services provided is determined indirectly by reference to the fair value of the instrument granted.

The fair value of options granted to Directors and others in respect of services provided is recognised as an expense in the income statement with a corresponding increase in equity reserves – the share-based payment reserve until the award has been settled and then make a transfer to share capital.

On exercise or lapse of share options, the proportion of the share-based payment reserve relevant to those options is transferred to retained earnings. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date and charged over the vesting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. The exercise price is fixed at the date of grant.

Non-market conditions are performance conditions that are not related to the market price of the entity's equity instruments. They are not considered when estimating the fair value of a share-based payment. Where the vesting period is linked to a non-market performance condition, the Group recognises the goods and services it has acquired during the vesting period based on the best available estimate of the number of equity instruments expected to vest. The estimate is reconsidered at each reporting date based on factors such as a shortened vesting period, and the cumulative expense is 'trued up' for both the change in the number expected to vest and any change in the expected vesting period.

Market conditions are performance conditions that relate to the market price of the entity's equity instruments. These conditions are included in the estimate of the fair value of a share-based payment. They are not taken into account for the purpose of estimating the number of equity instruments that will vest. Where the vesting period is linked to a market performance condition, the Group estimates the expected vesting period. If the actual vesting period is shorter than estimated, the charge is accelerated in the period that the entity delivers the cash or equity instruments to the counterparty. When the vesting period is longer, the expense is recognised over the originally estimated vesting period.

For other equity instruments granted during the year (i.e. other than share options), fair value is measured on the basis of an observable market price.

When a share-based payment is modified, the Group determines whether the modification affects the fair value of the instruments granted, affects the number of equity instruments granted or is otherwise beneficial to the employee. In cases where the exercise price of options granted to employees is reduced, the Group recognises the incremental change in fair value (along with the original fair value determined at grant date) over the remaining vesting period as an expense and an increase in equity. Decreases in the fair value are not considered. To determine if an increase has occurred, management compares the fair value of the modified award with the fair value of the original award at the modification date. Any other benefit to the employee is taken into account in estimating the number of equity instruments that are expected to vest.

Share Incentive Plan

Where shares are granted to employees under the Share Incentive Plan, the fair value of services provided is determined indirectly by reference to the fair value of the free, partnership and matching shares granted on the grant date. Fair value of shares is measured on the basis of an observable market price, i.e. share price as at grant date, and is recognised as an expense in the income statement on the date of the grant. For the partnership shares the charge is calculated as the excess of the mid-market price on the date of grant over the employee's contribution.

1.4.8 Pension

The Group operates a defined contribution pension plan which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

1 Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.9 Finance income and expense

Finance expense is recognised on an accruals basis using the effective interest method.

Finance income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends received from available for sale investments are recognised as finance income in the period when they are declared by the investee. In case of distributions made by way of equal rights share buyback by an investee, the funds received as a part of such distribution are shown by the Company and by the Group in the period when right to receive them becomes established and presented in the dividends received of the income statement.

1.4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised where the Group has become party to the contractual provisions of the instrument.

Investments

Investments in subsidiary companies are classified as non-current assets and included in the statement of financial position of the Company at cost at the date of acquisition less any identified impairment.

Investments in associates and joint ventures are classified as non-current assets and included in the statement of financial position of the Company at cost at the date of acquisition less any identified impairment.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or fair value through profit and loss.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through the provision of goods or services (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using effective interest rate method, less provision for impairment.

Impairment provision is recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the net present value of the future expected cash flows associated with the impaired receivable.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Restricted cash

Cash which is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period is not considered cash and cash equivalents and is classified as restricted cash.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at original invoice amount less an allowance for any uncollectable amounts. An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Available for sale financial assets

Non-derivative financial assets not included in the above categories are classified as available for sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. These equity investments are intended to be held by the Group for an indefinite period of time. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised in other comprehensive income and debited or credited to the available for sale trade investments reserve. Where the fair value cannot be reliably measured, the investment is carried at cost or a lower valuation where the Directors consider the value of the investment to be impaired.

Available for sale investments are included within non-current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the income statement, and the cost of such disposed of investments is written off on a first in first out method.

Income from available for sale investments is accounted for in the income statement when the right to receive it has been established.

The Group assesses at each reporting date whether there is objective evidence that an investment is impaired. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities and equity

The Group classifies its financial liabilities into one of two categories: fair value through profit and loss or other financial liabilities. The Group has not classified any of its financial liabilities as fair value through profit and loss.

Other financial liabilities comprise trade and other payables and borrowings.

Trade and other payables

Trade and other payables are initially recognised at fair value and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Borrowings

Borrowings are recorded initially at their fair value, plus directly attributable transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the income statement over the term of the instrument using an effective rate of interest.

Deferred and contingent consideration

Where it is probable that deferred or contingent consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the income statement. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

1.4.11 Dividend income

Dividends received from strategic investments are recognised when they become legally receivable. In case of interim dividends, this is when declared. In case of final dividends, this is when approved by the shareholders at the AGM.

1.4.12 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

1 Principal accounting policies continued

1.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant judgements in applying the accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern

The Group has incurred a loss of £1,114,213 for the year ended 30 June 2017. At that date there was a net current assets of £299,702 (2016: net current liability of £945,374). The loss resulted mainly from further £1.49m impairment of the Company's iron exploration assets in Greenland. Cash and cash equivalents were £909,094 (2016: 26,564) at year end.

During the reporting year the Company has continued to receive proceeds from the sale of its gold interests in Colombia. The Company has a three-year convertible promissory note of USD1.0m secured over the assets of its former gold mine and associated plant and bearing interest of 5% per annum due in 2018. A partial pre-payment of this note occurred on 09 June 2017, whereby USD250,000 was paid as part of a settlement agreement involving waiver of the potential conversion rights, with the balance of the note plus interest, estimated at USD783k, due in 2018.

Additional payments of up to USD2.0m will be paid in the form of a 3% net smelter royalty payable quarterly on gold production and these payments continued in 2017 and totalled USD36,747 to 30 June 2017. The Company estimates that approximately £400k will be paid out towards the initial USD2m royalty during 2018 based on updated projections from the operator in Colombia. A final royalty stream of up to USD1.0m will be paid following the payment in full of the initial net smelter royalty in the form of a 0.5% net smelter royalty.

On 21 November 2016, Jupiter Mines Ltd, where the Company holds a 1.2% stake, announced that it plans to make a cash distribution to its shareholders, which it completed in March 2017. In announcements on 31 July 2017, 11 September 2017 and 28 September 2017 Jupiter announced its intentions to buy back a further 4% of its outstanding share capital as part of a USD25m distribution expected to complete in December 2017. Red Rock announced its intention to accept this second buyback and the Company expects the total proceeds of these two buybacks to be over USD950,000 for the calendar year.

In the longer term, Jupiter may look to re-list or to dispose of its main production asset, the Tshipi Manganese Mine in South Africa, which would likely result in a significant value crystallisation event for the Company. If a strategic exit or IPO does not happen the Company expects to receive dividend or buyback payments in roughly the same quantity in 2018 as it did in 2017 provided manganese pricing levels are stable.

Income streams from the Company's investment in Steelmin are set to begin with smelter recommissioning in Q1 2018. Currently the Company sits in a positive net debt position relative to its loans made into Steelmin and its outstanding loans of over £1.3m. Give the differences in loan duration the Company would have expected to reduce its outstandings to under USD3m by the end of January 2018, whereas the amount due to be repaid by Steelmin in February 2018 will sit at €4.32m. The repayment of this loan on schedule should, once borrowings are repaid, net the Company approximately £1.5m in surplus cash.

The Group retains a very lean operating structure, with three employees and both accounting and geological services remaining outsourced. The Company is continuing these cost control efforts by downsizing its offices following the end of its lease in Q4 2017.

The Directors are confident in the Company's ability to raise new finance from equity and debt markets when required, as demonstrated by the USD4.4m in debt taken on in 2017 to invest in Steelmin Ltd, as well as the £300,000 in new equity raised during this period. The Directors have concluded that the combination of these circumstances that preparation of the Group's financial statements on a going concern basis is appropriate. The Company's income has increased due to multiple revenue streams as well the return on prior investments such as Jupiter Mines. The Group expects to receive cashflows from its ongoing disposal and debt repayment in Colombia, debt repayment and potential revenues from its investment in Steelmin, and either a complete exit or ongoing distributions from its holdings in Jupiter Mines.

As sentiment in natural resource investment and development continues to improve, driven in large part by expectations for rapid development of electric vehicles, home battery storage, and grid level storage and associated infrastructure, the Directors feel strongly that they will be able to access capital as required during 2018.

Recognition of holdings less than 20% as an associate

The Company owns 15% of the issued share capital of Mid Migori Mining Company Limited ("MMM"). Andrew Bell is a member of the board of MMM. In accordance with IAS 28, the Directors of the Company consider this, and the input of resource by the Company in respect of drilling and analytical activities, to provide the Group with significant influence as defined by the standard. As such, MMM has been recognised as an associate for the years ended 30 June 2017 and 30 June 2016.

The effect of recognising MMM as an available for sale financial asset would be to decrease the loss by £8 (2016: £8,245).

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include the impairment determinations, the useful lives of property, plant and equipment, the bad debt provision and the fair values of our financial assets and liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

For unquoted equity investments, we have based our valuation on the weighted average share price of actual sale transactions which we consider as level 2 of the fair value hierarchy as they are based on indirectly observable inputs. In the absence of a quoted liquid market for Jupiter shares directly determining their value, the Company relied on the single share buy-back that occurred during 2017.

Using the preferred Market Approach the Company has taken the price used in the proposed in September 2017 Jupiter Mines share buyback of 134,190,158 shares at USD0.29, and this gives a total valuation for Red Rock's Jupiter holdings of USD7,448,625, relied on the single share buy back.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using the Black-Scholes model. The model has its strengths and weaknesses and requires six inputs as a minimum: 1. The share price; 2. The exercise price; 3. The risk free rate of return; 4. The expected dividends or dividend yield; 5. The life of the option; and 6. The volatility of the expected return. The first three inputs are normally, but not always, straightforward. The last three involve greater judgement and have the greatest impact on the fair value.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

1 Principal accounting policies continued

1.5 Significant accounting judgements, estimates and assumptions continued

Impairment of financial assets

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which fair value of an investment is less than its cost.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Mining share prices typically have more volatility than most other shares and this is taken into account by management when considering if a significant decline in the fair value of its mining investments has occurred. Management would consider that there is a prolonged decline in the fair value of an equity investment when the period of decline in fair value has extended to beyond the expectation management have for the equity investment. This expectation will be influenced particularly by the company development cycle of the investment.

As a result of the Group's evaluation, the Group partially reversed £4,260,421 of prior year's impairment (2016: nil). No additional impairment on available for sale financial assets was recognised in the income statement for the year ended 30 June 2017 (2016: nil).

Impairment of non-financial assets

The Group follows the guidance of IAS 36 to determine when a non-financial asset is impaired. The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed projections, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These projections generally cover a period of five years with a terminal value or salvage value applied.

Impairment losses of continuing operations are recognised in the income statement in expense categories consistent with the function of the impaired asset.

For investments in associates and joint ventures, the Group assesses impairment after the application of the equity method.

Amounts due from associates

As a result of the Group's evaluation of its non-financial assets, an impairment loss of £1,496,550 on investments in associates and joint ventures was recognised in the income statement (2016: £1,500,000), which related to the Company's iron ore assets in Greenland). During the year in question the Company let lapse its iron ore exploration licenses in Greenland and so has chosen to fully impair the residual exploration assets.

The Company conducted a review of the carrying value of the amount receivable from Mid Migori Mining Company Limited in relation to the Kenya asset. For the purpose of impairment review, the Company views this receivable as part of its net investment in the associate and hence followed the guidance of IAS 36. Management recognise that the recent variability in gold prices, change in market fundamentals based on demand from key consumers, concerns around the global macroeconomic environment in general, and the key uncertainty relating to the renewals of licences can all have an effect on the value of this project. The Company is currently engaged via its local partner in Kenya, Mid Migori Mining, in a legal challenge of the purported termination of its Special Licence numbers 122 and 202. In May 2015 the Company was granted leave to institute judicial review proceedings and a stay on the implementation of the Ministry of Mines revocation decision, which is currently ongoing. Red Rock has also applied via a local affiliate, Red Rock Kenya, for the same ground covered by the existing licences. While the Company feels it has a strong and quite valid case for retention of the licences and the existing JORC resource the ongoing legal process makes the timing of any resolution unclear and difficult to project.

2 Segmental analysis

The Group considered its mining and exploration activities as separate segments. These are in addition to the investment activities which continue to form a significant segment of the business. Its mining segment, which has now been sold, is currently presented as discontinued operations on the face of the income statement and is excluded from the continuing operations segmental analysis below.

The Group has made a strategic decision to concentrate on two commodities, gold and iron ore. However, as the Group was only in the production phase of gold during the year, a further segmental analysis by commodity has not been presented.

| | Investment | | Exploration | | Other | |
|--|----------------------------------|---------------------------|--------------------------------|-----------------------------|--------------------------------------|--------------------|
| | Jupiter Mines Limited £ | Other investments £ | Australian exploration £ | African exploration £ | Corporate and unallocated £ | Total £ |
| Year to 30 June 2017 | | | | | | |
| Loss on sale of available for sale investments | — | (60,785) | — | — | — | (60,785) |
| Impairment of investments in associates and joint ventures | — | (1,496,550) | — | — | — | (1,496,550) |
| Exploration expenses | — | (29,103) | — | (13,087) | — | (42,190) |
| Administration expenses* | — | — | — | — | (644,687) | (644,687) |
| Currency gain | — | — | 41,430 | — | 81,050 | 122,480 |
| (Provision for)/Reversal of provision for bad debts | — | (140,178) | — | — | — | (140,178) |
| Share of losses in associates | — | — | — | — | (8) | (8) |
| Finance income, net | 538,740 | — | — | — | 608,965 | 1,147,705 |
| Net profit/(loss) before tax from continuing operations | 538,740 | (1,726,616) | 41,430 | (13,087) | 45,320 | (1,114,213) |
| | | | | | | |
| | Investment | | Exploration | | Other | |
| | Jupiter Mines Limited £ | Other investments £ | Australian exploration £ | African exploration £ | Corporate and unallocated £ | Total £ |
| Year to 30 June 2016 | | | | | | |
| Gain on sales of investments | — | — | — | — | — | — |
| Impairment of amounts due from associates and ventures | — | — | — | — | — | — |
| Impairment of investments in associates and joint ventures | — | (1,500,000) | — | — | — | (1,500,000) |
| Exploration expenses | — | (51,321) | 1,277 | (51,942) | (15,228) | (119,768) |
| Administration expenses (excl. other income)* | — | — | (1,176) | (12,669) | (744,505) | (758,350) |
| Currency gain/(loss) | — | — | 26,800 | — | 319,355 | 346,155 |
| (Provision for)/Reversal of provision for bad debts | — | (57,769) | — | — | — | (57,769) |
| Share of losses in associates | — | — | — | — | (9,240) | (9,240) |
| Other income | — | — | — | — | 599,225 | 599,225 |
| Finance (cost)/income, net | — | — | — | (954) | 1,217,421 | 1,216,467 |
| Net profit/(loss) before tax from continuing operations | — | (1,609,090) | 24,347 | (65,566) | 1,367,029 | (283,280) |

* Included in administration expenses is a depreciation charge of £1,800 (2016: £867).

Notes to the Financial Statements

for the year ended 30 June 2017 continued

2 Segmental analysis continued

Information by geographical area

Presented below is certain information by the geographical area of the Group's activities. Revenue from investment sales and the sale of exploration assets is allocated to the location of the asset sold.

| Year ended 30 June 2017 | UK £ | USA £ | Greenland £ | Africa £ | Total £ |
|--|-----------------|----------------|----------------|----------------|-------------------|
| Revenue | — | — | — | — | — |
| (Loss) on sale of available for sale investments | (60,785) | — | — | — | (60,785) |
| Total segment revenue and other gains | (60,785) | — | — | — | (60,785) |
| Non-current assets | | | | | |
| Property, plant and equipment | 15,601 | — | — | — | 15,601 |
| Investments in associates and joint ventures | — | — | — | 963,080 | 963,080 |
| Exploration assets | — | 280,460 | — | — | 280,460 |
| Total segment non-current assets | 15,601 | 280,460 | — | 963,080 | 1,259,141 |
| Available for sale financial assets | | | | | 6,080,146 |
| Non-current receivables | | | | | 4,543,755 |
| Total non-current assets | | | | | 11,883,042 |

| Year ended 30 June 2016 | UK £ | USA £ | Greenland £ | Africa £ | Total £ |
|--|---------------|----------------|------------------|----------------|------------------|
| Revenue | | | | | |
| Gain on sales of investments | — | — | — | — | — |
| Total segment revenue and other gains | — | — | — | — | — |
| Non-current assets | | | | | |
| Property, plant and equipment | 17,400 | — | — | — | 17,400 |
| Investments in associates and joint ventures | — | — | 1,496,550 | 963,089 | 2,459,639 |
| Exploration assets | — | 280,460 | — | — | 280,460 |
| Total segment non-current assets | 17,400 | 280,460 | 1,496,550 | 963,089 | 2,757,499 |
| Available for sale financial assets | | | | | 1,976,552 |
| Non-current receivables | | | | | 4,838,558 |
| Total non-current assets | | | | | 9,572,609 |

3 Loss for the year before taxation

Loss for the year before taxation is stated after charging:

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Auditor's remuneration: | | |
| – fees payable to the Company's auditor for the audit of consolidated and Company financial statements | 20,000 | 20,000 |
| Directors' emoluments (note 7) | 343,681 | 324,421 |
| – Share-based payments – Directors | 83,746 | 82,470 |
| – Share-based payments – staff | 22,130 | 8,543 |
| Depreciation – continuing operations | 1,800 | 867 |
| Other income and currency gain on MFP receivable | 351,944 | 918,767 |
| Other currency gain | 47,658 | 346,155 |

4 Finance income/(costs), net

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Interest income (other than MFP finance income) | 342,932 | 323,229 |
| Dividend income | 538,740 | — |
| Interest expense | (11,088) | (24,575) |
| Total finance income (other than MFP finance income) | 870,584 | 298,654 |
| MFP finance income | 277,121 | 918,767 |
| Total finance income | 1,147,705 | 1,217,461 |

Interest income (other than MFP finance income) comes mainly from non-current receivables from an associate. Please refer to note 15.

Dividend income represents the money received from the Group's 1.2% holding in Jupiter Mines, full details are disclosed in note 22.

5 Taxation

| | Notes | 2017 £ | 2016 £ |
|---|-------|-------------|-----------|
| Current period taxation on the Group | | | |
| UK corporation tax at 19.75% (2016: 20%) on profits for the period | | — | — |
| Deferred tax | | | |
| Origination and reversal of temporary differences | | — | — |
| Deferred tax assets not recognised | | — | — |
| Tax credit | | — | — |
| Factors affecting the tax charge for the year | | | |
| Loss on ordinary activities before taxation | | (1,114,213) | (283,280) |
| Loss on ordinary activities at the average UK standard rate of 19.75% (2016: 20%) | | (220,057) | (56,656) |
| Impact of gain on disposal of associates and subsidiaries | | — | (117,997) |
| Effect of expenditure not deductible | | 329,364 | 324,381 |
| Utilisation of prior year losses | | (109,307) | (149,728) |
| Tax charge | | — | — |
| Tax credit arising from discontinued operations | | — | — |
| Total tax credit | | — | — |

Deferred tax amounting to £nil (2016: £nil) relating to the Group's investments was recognised in the statement of comprehensive income.

Finance Act 2013 set the main rate of corporation tax at 20% from 1 April 2015 and at 20% from 1 April 2016. Therefore deferred tax assets/(liabilities) are calculated at 20% (2016: 20%).

Notes to the Financial Statements

for the year ended 30 June 2017 continued

6 Staff costs

The aggregate employment costs of staff (including Directors) for the year in respect of the Group was:

| | 2017 £ | 2016 £ |
|-------------------------------------|----------------|----------------|
| Wages and salaries | 210,500 | 284,473 |
| Pension | 12,632 | 15,637 |
| Social security costs | 16,536 | 21,692 |
| Severance costs | — | 14,679 |
| Employee share-based payment charge | 142,732 | 91,013 |
| Total staff costs | 382,400 | 427,494 |

The average number of Group employees (including Directors) during the year was:

| | 2017 Number | 2016 Number |
|----------------|----------------|----------------|
| Executives | 4 | 4 |
| Administration | 1 | 1 |
| Exploration | — | — |
| | 5 | 5 |

The key management personnel are the Directors and their remuneration is disclosed within note 7.

7 Directors' emoluments

| 2017 | Directors' fees £ | Consultancy fees £ | Share Incentive Plan £ | Share based Payments £ | Pension contributions £ | Social security costs £ | Total £ |
|----------------------------|----------------------|-----------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------|
| Executive Directors | | | | | | | |
| A R M Bell | 82,000 | 13,750 | 10,440 | 35,115 | 6,091 | 7,847 | 155,243 |
| S Kaintz | 65,000 | — | 10,440 | 31,358 | 3,797 | 6,967 | 117,562 |
| Other Directors | | | | | | | |
| M C Nott | 18,000 | — | 10,212 | 1,245 | 976 | 1,175 | 31,608 |
| S Quinn | 18,000 | — | 10,440 | 8,031 | 275 | 2,522 | 39,268 |
| | 183,000 | 13,750 | 41,532 | 75,749 | 11,139 | 18,511 | 343,681 |

| 2016 | Directors' fees £ | Consultancy fees £ | Share Incentive Plan £ | Share based Payments £ | Pension contributions £ | Social security costs £ | Total £ |
|----------------------------|----------------------|-----------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------|
| Executive Directors | | | | | | | |
| A R M Bell | 88,750 | 15,000 | 7,200 | 27,360 | 6,443 | 7,655 | 152,408 |
| S Kaintz | 65,000 | — | 7,200 | 22,230 | 3,284 | 6,468 | 104,182 |
| Other Directors | | | | | | | |
| J F Ladner | 9,000 | — | — | — | — | 651 | 9,651 |
| M C Nott | 18,000 | — | 7,080 | 4,275 | 909 | 1,027 | 31,291 |
| S Quinn | 18,069 | — | 3,600 | 4,275 | — | 945 | 26,889 |
| | 198,819 | 15,000 | 25,080 | 58,140 | 10,636 | 16,746 | 324,421 |

The number of Directors who exercised share options in the year was nil (2016: nil).

During the year, the Company contributed to a Share Incentive Plan more fully described in the Directors' Report on page 16.

3,000,000 (2016: 4,550,000) free shares were issued to each employee, including Directors, making a total of 8,712,000 (2016: 8,822,000) free shares issued.

8 Loss per share

The basic loss per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue.

Diluted loss per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue plus the weighted average number of Ordinary shares that would be issued on conversion of all dilutive potential Ordinary shares into Ordinary shares.

The following reflects the loss and share data used in the basic and diluted earnings per share computations:

| | 2017 | 2016 |
|---|--------------|--------------|
| Loss attributable to equity holders of the parent from continuing operations | £(1,114,213) | £(275,035) |
| Loss attributable to equity holders of the parent from discontinued operations | — | — |
| Loss attributable to equity holders of the Parent | £(1,114,213) | £(275,035) |
| Weighted average number of Ordinary shares of £0.0001 (2016: £0.0001) in issue | 458,077,061 | 263,154,543 |
| Loss per share – basic | (0.24) pence | (0.10) pence |
| Weighted average number of Ordinary shares of £0.0001 (2016: £0.0001) in issue inclusive of outstanding dilutive options* | 458,077,061 | 263,154,543 |
| Loss per share – fully diluted | (0.24) pence | (0.10) pence |

The weighted average number of shares issued for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

| | 2017 | 2016 |
|--|--------------------|--------------------|
| Loss per share denominator | 458,077,061 | 263,154,543 |
| Weighted average number of exercisable share options | — | — |
| Diluted loss per share denominator* | 458,077,061 | 263,154,543 |

* In accordance with IAS 33, the diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares. The effects of all the instruments in issue by the Group at 30 June 2017 is anti-dilutive (2016: all anti-dilutive) and all anti-dilutive potential ordinary shares are ignored in calculating diluted EPS. The details of all anti-dilutive warrants and options in issue are disclosed in note 18 and note 20 respectively.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

9 Property, plant and equipment

| Group and Company | Field equipment and machinery £ | Fixtures and fittings £ | Total £ |
|------------------------------------|---------------------------------------|-------------------------------|-----------------|
| Cost | | | |
| At 1 July 2015 | 34,607 | 27,807 | 62,414 |
| Additions | — | 18,000 | 18,000 |
| Disposals | — | — | — |
| At 30 June 2016 | 34,607 | 45,807 | 80,414 |
| Additions | — | — | — |
| Disposals | — | — | — |
| At 30 June 2017 | 34,607 | 45,807 | 80,414 |
| Depreciation and impairment | | | |
| At 1 July 2015 | (34,607) | (27,541) | (62,148) |
| Depreciation charge | — | (866) | (866) |
| Disposals | — | — | — |
| At 30 June 2016 | (34,607) | (28,407) | (63,014) |
| Depreciation charge | — | (1,800) | (1,800) |
| Disposals | — | — | — |
| At 30 June 2017 | (34,607) | (30,207) | (64,814) |
| Net book value | | | |
| At 30 June 2017 | — | 15,600 | 15,600 |
| At 30 June 2016 | — | 17,400 | 17,400 |

Of the depreciation charge, £1,800 (2016: £866) is included within other expenses in the income statement.

10 Investments in subsidiaries

| Company | 2017 £ | 2016 £ |
|--------------------------|--------------|--------------|
| Cost | | |
| At 1 July 2016 | 1,423 | 613 |
| Investment in subsidiary | — | 810 |
| At 30 June 2017 | 1,423 | 1,423 |
| Impairment | | |
| At 1 July 2016 | (482) | (482) |
| Charge in the year | — | — |
| At 30 June 2017 | (482) | (482) |
| Net book value | 941 | 941 |

As at 30 June 2017, the Company held interests in the following subsidiary companies:

| Company | Country of registration | Class | Proportion held | Nature of business |
|----------------------------------|-------------------------|----------|-----------------|---------------------|
| Red Rock Australasia Pty Limited | Australia | Ordinary | 100% | Mineral exploration |
| Red Rock Kenya Limited | Kenya | Ordinary | 87% | Mineral exploration |
| RRR Kenya Limited | Kenya | Ordinary | 100% | Dormant |
| Red Rock Inc. | USA | Ordinary | 100% | Natural resources |
| Red Rock Cote D'Ivoire sarl | Ivory Coast | Ordinary | 100% | Dormant |
| Basse Terre sarl | Ivory Coast | Ordinary | 100% | Dormant |

As at 30 June 2016, the Company held interests in the following subsidiary companies:

| Company | Country of registration | Class | Proportion held | Nature of business |
|----------------------------------|-------------------------|----------|-----------------|---------------------|
| Red Rock Australasia Pty Limited | Australia | Ordinary | 100% | Mineral exploration |
| Red Rock Kenya Limited | Kenya | Ordinary | 87% | Mineral exploration |
| Red Rock Inc. | USA | Ordinary | 100% | Mining exploration |
| Red Rock Cote D'Ivoire sarl | Ivory Coast | Ordinary | 100% | Mineral exploration |
| Basse Terre sarl | Ivory Coast | Ordinary | 100% | Mineral exploration |

Notes to the Financial Statements

for the year ended 30 June 2017 continued

11 Investments in associates and joint ventures

| | Group | | Company | |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2017 £ | 2016 £ | 2017 £ | 2016 £ |
| Cost | | | | |
| At 30 June | 7,398,569 | 9,108,304 | 7,241,725 | 8,951,460 |
| Additions during the year | — | — | — | — |
| Disposals during the year | — | (1,709,735) | — | (1,709,735) |
| Transfer from assets held for sale | — | — | — | — |
| At 30 June | 7,398,569 | 7,398,569 | 7,241,725 | 7,241,725 |
| Impairment | | | | |
| At 30 June | (4,938,931) | (5,139,426) | (4,696,959) | (4,652,038) |
| Losses during the year | (8) | (9,240) | — | — |
| Disposals during the year | — | 1,709,735 | — | 1,455,079 |
| Impairment in the year | (1,496,550) | (1,500,000) | (1,496,550) | (1,500,000) |
| At 30 June | (6,435,489) | (4,938,931) | (6,193,509) | (4,696,959) |
| Net book amount at 30 June | 963,080 | 2,459,638 | 1,048,216 | 2,544,766 |

The Company, at 30 June 2017, had holdings amounting to 20% or more of the issued share capital of the following companies which amounted to significant influence or joint control:

| Company | Country of incorporation | Class of shares held | Percentage of issued capital | Accounting year ended |
|--|--------------------------|----------------------|------------------------------|-----------------------|
| Melville Bay Limited (formerly "NAMA Greenland Limited") | England | Ordinary | 60.00% | 30 November 2016 |

The Company, at 30 June 2016, had holdings amounting to 20% or more of the issued share capital of the following companies which amounted to significant influence or joint control:

| Company | Country of incorporation | Class of shares held | Percentage of issued capital | Accounting year ended |
|--|--------------------------|----------------------|------------------------------|-----------------------|
| Melville Bay Limited (formerly "NAMA Greenland Limited") | England | Ordinary | 60.00% | 30 November 2015 |

* Financial information was not available for this company.

The Company, at 30 June 2017 and 30 June 2016, had significant influence by virtue other than shareholding over 20% over the following companies:

| Company | Country of incorporation | Class of shares held | Percentage of issued capital | Accounting year ended |
|-----------------------------------|--------------------------|----------------------|------------------------------|-----------------------|
| Mid Migori Mining Company Limited | Kenya | Ordinary | 15.00% | 30 September 2016 |

Summarised financial information for the Company's associates and joint ventures, where available, is given below:

For the year as at 30 June 2017:

| Company | Revenue £ | Loss £ | Assets £ | Liabilities £ |
|-----------------------------------|--------------|-------------|-------------|------------------|
| Mid Migori Mining Company Limited | — | (51) | 2,763,865 | (3,434,865) |
| Melville Bay Limited | — | (4,146,034) | 37,211 | (228,025) |

For the year as at 30 June 2016:

| Company | Revenue £ | Loss £ | Assets £ | Liabilities £ |
|-----------------------------------|--------------|-------------|-------------|------------------|
| Mid Migori Mining Company Limited | — | (58,197) | 2,753,364 | (3,411,111) |
| Melville Bay Limited | — | (1,760,272) | 4,178,640 | (223,420) |

| | Mid Migori Mining Company Limited £ | Red Rock Zambia Limited £ | Melville Bay Limited £ | Total £ |
|--|--|------------------------------------|---------------------------------|--------------------|
| Cost | | | | |
| At 30 June 2016 | 1,044,766 | 140,596 | 6,213,207 | 7,398,569 |
| Additions during the year | — | — | — | — |
| Disposals during the year | — | — | — | — |
| At 30 June 2017 | 1,044,766 | 140,596 | 6,213,207 | 7,398,569 |
| Impairment and losses during the year | | | | |
| At 30 June 2016 | (81,677) | (140,596) | (4,716,657) | (4,938,930) |
| (Losses) during the year | (8) | — | — | (8) |
| Impairment in period | — | — | (1,496,550) | (1,496,550) |
| Disposals during the year | — | — | — | — |
| At 30 June 2017 | (81,685) | (140,596) | (6,213,207) | (6,435,488) |
| Carrying amount | | | | |
| At 30 June 2017 | 963,081 | — | — | 963,081 |
| At 30 June 2016 | 963,089 | — | 1,496,550 | 2,459,639 |

Mid Migori Mining Company Limited

The Company owns 15% of the issued share capital of Mid Migori Mining Company Limited ("MMM"). The Company has entered into an agreement whereby it manages and funds a number of MMM's development projects and has representation on the MMM board.

In accordance with IAS 28, the involvement with MMM meets the definition of significant influence and therefore has been accounted for as an associate (note 1.5).

Melville Bay Limited

In consideration for funding the 2012 exploration programme of North Atlantic Mining Associates Limited ("NAMA"), the Company earned 60% interest in Melville Bay Limited ("MBL"). The Company does not have control over MBL but has joint control along with North Atlantic Mining Associates Limited and International Media Projects Ltd through a contractual joint venture arrangement making MBL a jointly controlled entity. The book value of MBL has been fully written off in the current financial year.

12 Exploration assets

| Group | 2017 £ | 2016 £ |
|------------------------|----------------|----------------|
| Cost | | |
| At 1 July 2016 | 280,460 | — |
| Additions | — | 280,460 |
| Disposals | — | — |
| At 30 June 2017 | 280,460 | 280,460 |
| Impairment | | |
| At 1 July 2016 | — | — |
| Charge in the year | — | — |
| At 30 June 2017 | — | — |
| Net book value | 280,460 | 280,460 |

Notes to the Financial Statements

for the year ended 30 June 2017 continued

13 Available for sale financial assets

| | Group and Company | |
|---------------------------------|-------------------|------------------|
| | 2017 £ | 2016 £ |
| Opening balance | 1,976,552 | 1,331,766 |
| Additions | 96,435 | 487,500 |
| Disposals | (210,594) | — |
| Revaluations | (42,668) | 157,286 |
| Reversal of previous impairment | 4,260,421 | — |
| Closing balance | 6,080,146 | 1,976,552 |

Market value of investments

The market value as at 30 June 2017 of the Company's available for sale listed and unlisted investments was as follows:

| | 2017 £ | 2016 £ |
|------------------------------------|------------------|------------------|
| Quoted on London AIM | 61,607 | 218,433 |
| Unquoted investments at fair value | 6,018,540 | 1,758,119 |
| | 6,080,146 | 1,976,552 |

14 Cash and cash equivalents and restricted cash

| | 30 June 2017 £ | 30 June 2018 £ |
|--------------------------|----------------------|----------------------|
| Group | | |
| Cash in hand and at bank | 909,094 | 26,564 |
| | 909,094 | 26,564 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

| | 30 June 2017 £ | 30 June 2016 £ |
|--------------------------|----------------------|----------------------|
| Cash in hand and at bank | 909,094 | 26,564 |
| | 909,094 | 26,564 |

| | 30 June 2017 £ | 30 June 2016 £ |
|--------------------------|----------------------|----------------------|
| Company | | |
| Cash in hand and at bank | 905,135 | 24,370 |
| | 905,135 | 24,370 |

15 Non-current receivables

| | Group and Company | |
|-----------------------------|-------------------|------------------|
| | 2017 £ | 2016 £ |
| Amounts due from associates | 3,206,177 | 2,857,810 |
| MFP sale proceeds | 1,337,578 | 1,980,748 |
| | 4,543,755 | 4,838,558 |

Non-current related party receivables of £3,206,176 (2016: £2,857,810) is recoverable from Mid Migori Mining Company Limited under the terms of the joint venture, purchase and sale agreement entered into in August 2009 as detailed in note 25. The amount is unsecured and has no fixed repayment date. Interest is charged at 8% per annum. Management have considered the recoverability of this debt and, although the Judicial Review case is ongoing, no further impairment is considered necessary (2016: £nil). More details are given in note 1.5, Significant accounting judgements, estimates and assumptions.

The MFP sale proceeds represents the fair value of the deferred consideration receivable for the sale of MFP. The fair value was estimated based on the consideration offered by the buyer adjusted to its present value based on the timing for which the consideration is expected to be received. The most significant inputs are the offer price per tranches, discount rate and estimated royalty stream. The estimated royalty stream takes into account current production level, estimates of future production level and gold price forecasts.

16 Other receivables

| | Group | | Company | |
|--|------------------|----------------|------------------|------------------|
| | 2017 £ | 2016 £ | 2017 £ | 2016 £ |
| Current trade and other receivables | | | | |
| Prepayments | 221,070 | 236,765 | 135,073 | 170,313 |
| Related party receivables: | | | | |
| – due from subsidiaries | — | — | 465,145 | 404,747 |
| – due from associates | 118,965 | 225 | 118,965 | 225 |
| – due from key management | 3,096 | — | 3,096 | — |
| Short-term loan | 2,421,831 | — | 2,421,831 | — |
| Other receivables | 1,437,918 | 702,563 | 1,432,679 | 698,211 |
| Total | 4,202,880 | 939,553 | 4,576,789 | 1,273,496 |

17 Trade and other payables

| | Group | | Company | |
|--------------------------|------------------|------------------|------------------|------------------|
| | 2017 £ | 2016 £ | 2017 £ | 2016 £ |
| Trade and other payables | 1,191,741 | 1,368,746 | 1,187,968 | 1,347,803 |
| Accruals | 332,540 | 335,663 | 332,540 | 335,663 |
| Related party payables: | | | | |
| — due to associates | — | 86,966 | — | 86,966 |
| — due to key management | 29,384 | 62,629 | 29,384 | 62,629 |
| Trade and other payables | 1,553,665 | 1,854,004 | 1,549,892 | 1,833,061 |
| Short-term borrowings | 3,258,608 | 57,490 | 3,258,608 | 57,490 |
| Total | 4,812,272 | 1,911,494 | 4,808,500 | 1,890,551 |

As announced on 23 June 2017, the Company has borrowed USD4,400,000 in order to make a loan to Steelmin Ltd to fund refurbishment of its ferrosilicon smelter in Jace, Bosnia. The Company borrowed USD4,400,000 from a group of institutional investors on a secured basis bearing interest at 13% pa with a renewal option for a further 8 months for a 5% fee. The Company further issued 20,000,000 warrants with a 24-month life exercisable at 2.2 pence per share. The loan has a three-month repayment holiday and 75% of the loan is to be amortized over 8 months leaving a 25% bullet at 12 months. A 7.5% arrangement fee was agreed with 4% to be withheld at closing and 3.5% at the earlier of an exit from the Company's stake in Jupiter Mines or 31 December 2017. The details of the security of the loan are described in note 26.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

18 Share capital of the Company

The share capital of the Company is as follows:

| | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Issued and fully paid | | |
| 2,371,116,172 deferred shares of £0.0009 each | 2,134,005 | 2,134,005 |
| 6,033,861,125 A deferred shares of £0.000096 each | 579,251 | 579,251 |
| 476,037,740 ordinary shares of £0.0001 each | 47,603 | 39,232 |
| As at 30 June | 2,760,859 | 2,752,488 |

| | Number | Nominal £ |
|---|------------------------|----------------|
| Movement in ordinary shares | | |
| As at 30 June 2015 – ordinary shares of £0.0001 each | 4,662,024,541 | 466,202 |
| Issued 7 July 2015 at 0.0475 pence per share | 421,052,632 | 42,105 |
| Issued 7 July 2015 at 0.0475 pence per share | 268,421,074 | 26,842 |
| Issued 8 July 2015 at 0.0475 pence per share | 107,894,948 | 10,789 |
| Issued 13 July 2015 at 0.0475 pence per share | 157,894,800 | 15,790 |
| Issued 9 October 2015 at 0.0183 pence per share | 416,573,115 | 41,658 |
| Issued 14 December 2015 at 0.15 pence per share | 15 | 0 |
| As at 21 December 2015, pre-share re-organisation | 6,033,861,125 | 603,386 |
| <i>21 December 2015, share re-organisation (see below)</i> | | |
| <i>Issue of A deferred shares of £0.000096 each</i> | (6,033,861,125) | (579,251) |
| <i>Issue of new ordinary shares of £0.000004 each</i> | (6,033,861,125) | (24,135) |
| <i>Consolidation: 1 new ordinary share of £0.0001 for 25 ordinary shares of £0.000004</i> | 241,354,445 | 24,135 |
| Issued 21 January 2016 at 0.375 pence per share | 3,750,000 | 375 |
| Issued 1 April 2016 at 0.375 pence per share | 5,072,000 | 507 |
| Issued 28 April 2016 at 0.52777 pence per share | 21,315,971 | 2,132 |
| Issued 29 April 2016 at 0.42 pence per share | 97,023,801 | 9,702 |
| Issued 29 April 2016 at 0.42 pence per share | 23,809,523 | 2,381 |
| As at 30 June 2016 – ordinary shares of £0.0001 each | 392,325,740 | 39,232 |
| Issued 24 August 2016 at 0.4 pence per share | 75,000,000 | 7,500 |
| Issued 5 April 2017 at 0.6 pence per share | 8,712,000 | 871 |
| As at 30 June 2017 – ordinary shares of £0.0001 each | 476,037,740 | 47,603 |

Change in nominal value/share re-organisation on 21 December 2015

On 21 December 2015, the Company announced that each of the existing 6,033,861,125 issued ordinary shares of 0.01 pence each in the capital of the Company ("Existing Ordinary Shares") will be subdivided into one A deferred share of 0.0096 pence each ("A Deferred Shares") and one new ordinary share of 0.0004 pence each. Furthermore, every 25 ordinary shares of 0.0004 pence each in the capital of the Company will be consolidated into one new ordinary share of 0.01 pence each ("New Ordinary Shares") and accordingly the Company will have 241,354,445 New Ordinary Shares in issue post consolidation. The New Ordinary Shares will have the same rights and be subject to the same restrictions as the Existing Ordinary Shares in the Company's Articles of Association and the A Deferred Shares will have the rights and be subject to the restrictions attached to A Deferred Shares as set out in the Articles of Association.

Subject to the provisions of the Companies Act 2006, the deferred shares may be cancelled by the Company, or bought back for £1 and then cancelled. The deferred shares are not quoted and carry no rights whatsoever.

Warrants

At 30 June 2017, the Company had 240,778,371 warrants in issue (2016: 145,778,371) with a weighted average exercise price of 0.99 pence (2016: 0.92 pence). Out of those, 97,023,801 (2016: 97,023,801) have market performance conditions that accelerate the expiry date. Weighted average remaining life of the warrants at 30 June 2017 was 434 days (2016: 768 days). All the warrants are issued by the Group to its shareholders in the capacity of shareholders and therefore are outside of IFRS 2 scope.

Capital management

Management controls the capital of the Group in order to control risks, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes Ordinary share capital and financial liabilities, supported by financial assets (note 21).

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

19 Reserves**Share premium**

The share premium account represents the excess of consideration received for shares issued above their nominal value net of transaction costs.

Foreign currency translation reserve

The translation reserve represents the exchange gains and losses that have arisen from the retranslation of overseas operations.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

Available for sale trade investments reserve

The available for sale trade investments reserve represents the cumulative revaluation gains and losses in respect of available for sale trade investments.

Associate investment reserve

The associate investments reserve represents the cumulative share of gains and losses of associates recognised in the statement of other comprehensive income.

Share-based payment reserve

The share-based payment reserve represents the cumulative charge for options granted, still outstanding and not exercised.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

20 Share-based payments

Employee share options

In prior years, the Company established employee share option plans to enable the issue of options as part of the remuneration of key management personnel and Directors to enable them to purchase Ordinary shares in the Company. Under IFRS 2 "Share-based Payments", the Company determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the statement of income with a corresponding increase in equity.

At 30 June 2017, the Company had outstanding options to subscribe for Ordinary shares as follows:

| | Options issued 14 June 2016 exercisable at 0.45 pence per share expiring 29 January 2022 Number | Options issued 13 January 2017 exercisable at 0.8p per share, expiring on 13 January 2023, Number | Total, Number |
|--------------|--|--|-------------------|
| A R M Bell | 5,760,000 | 12,000,000 | 17,760,000 |
| S Kaintz | 4,680,000 | 11,000,000 | 15,680,000 |
| M C Nott | 900,000 | – | 900,000 |
| S Quinn | 900,000 | 3,000,000 | 3,900,000 |
| Employees | 1,080,000 | 9,000,000 | 10,080,000 |
| Total | 13,320,000 | 35,000,000 | 48,320,000 |

| | Company and Group | | | |
|---|----------------------|---|----------------------|---|
| | 2017 | Weighted average exercise price pence | 2016 | Weighted average exercise price pence |
| | Number of options | | Number of options | |
| Outstanding at the beginning of the period | 13,320,000 | 0.45 | 7,000,000 | 3.20 |
| Granted during the period | 35,000,000 | 0.80 | 13,320,000 | 0.45 |
| Forfeited during the period | – | – | – | – |
| Exercised during the period | – | – | – | – |
| Lapsed during the period | – | – | (7,000,000) | 3.20 |
| Outstanding at the end of the period | 48,320,000 | 0.70 | 13,320,000 | 0.45 |

During the financial year 35,000,000 options were issued at an exercise price of 0.8 pence and they expire on 13 January 2023. The grant was structured in four tranches, first tranche vested immediately and the other three tranches had time and market performance vesting conditions. (2016: 13,320,000 options at an exercise price of 0.45 pence, expiring on 29 January 2022, granted in four tranches, first vested immediately and the other three had time and market vesting conditions).

The weighted average fair value of each option granted during the year was 0.236 pence (2016: 0.394 pence).

The exercise price of options outstanding at 30 June 2017 ranged between 0.45p and 0.8p (2016: 0.45p). Their weighted average contractual life was 5.28 years (2016: 5.63 years).

Of the total number of options outstanding at 30 June 2017 24,160,000 (2016: 3,330,000) had vested and were exercisable.

The weighted average share price (at the date of exercise) of options exercised during the year was nil (2016: nil) as no options were exercised.

The following information is relevant in the determination of the fair value of options granted during the year under equity-settled share-based remuneration schemes:

| | Granted on 13 January 2017 | Granted on 14 June 2016 |
|---|----------------------------|-------------------------|
| Option pricing model used | Black-Scholes model | Black-Scholes model |
| Weighted average share price at grant date, pence | 0.59 | 0.48 |
| Exercise price, pence | 0.80 | 0.45 |
| Weighted average contractual life, months | 66.50 | 55.00 |
| Expected volatility, % | 51.42 | 112.00 |
| Expected dividend growth rate, % | 0 | 0 |
| Risk-free interest rate, % | 0.579 | 0.679 |

Share based remuneration expense related to the share options grant is included into the Administration expenses line in the Consolidated Income Statement in the amount of £97,600 (2016: £63,270).

In 2016 a credit of £111,929 was posted to the income statement in respect of the cancelled share options and a charge of £63,270 was posted to the income statement in respect of the share options issued during 2016. Therefore, a net credit of £48,659 was posted to the income statement during 2016.

Share Incentive Plan

In January 2012 the Company implemented a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who have served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment ("matching shares"); and
- the Company to award free shares to a maximum of £3,600 per employee per annum.

The subscriptions remain free of taxation and national insurance if held for five years.

All such shares are held by SIP Trustees and the Ordinary shares cannot be released to participants until five years after the date of the award.

During the financial year, a total of 7,398,000 free and matching shares were awarded (2016: 6,808,000) with a fair value of 0.375 pence (2016: 0.375-0.4 pence) resulting in a share-based payment charge of £45,132 (2016: £27,743), included into the Administration expenses line in the income statement.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

21 Financial instruments

21.1 Categories of financial instruments

The Group and Company hold a number of financial instruments, including bank deposits, short-term investments, loans and receivables and trade payables.

The carrying amounts for each category of financial instrument, measured in accordance with IAS 39 as detailed in the accounting policies, are as follows:

| 30 June | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Financial assets | | | | |
| Available for sale financial assets at fair value through OCI | | | | |
| Unquoted equity shares | 6,018,540 | 1,758,119 | 6,018,540 | 1,758,119 |
| Quoted equity shares | 61,606 | 218,433 | 61,606 | 218,433 |
| Total available for sale financial assets at fair value through OCI | 6,080,146 | 1,976,552 | 6,080,146 | 1,976,552 |
| Loans and receivables | | | | |
| Non-current receivables | 4,543,755 | 4,838,559 | 4,543,755 | 4,838,559 |
| Other receivables – current | 4,202,879 | 939,554 | 4,576,789 | 1,273,496 |
| Total loans and receivables | 8,746,634 | 5,778,113 | 9,120,544 | 6,112,055 |
| Total financial assets | 14,826,780 | 7,754,665 | 15,200,690 | 8,088,607 |
| Total current financial assets | 4,202,879 | 939,554 | 4,576,789 | 1,273,496 |
| Total non-current financial assets | 10,623,901 | 6,815,111 | 10,623,901 | 6,815,111 |
| Financial liabilities | | | | |
| Short-term borrowings | 3,258,608 | 57,490 | 3,258,608 | 57,490 |
| Total current financial liabilities | 3,258,608 | 57,490 | 3,258,608 | 57,490 |

Other receivables and trade payables

Management assessed that other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Non-current receivables

Long-term fixed-rate receivables are evaluated by the Group based on parameters such as interest rates, recoverability and risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for any expected losses on these receivables.

Loans and borrowings

The carrying value of interest-bearing loans and borrowings is determined by calculating present values at the reporting date, using the issuer's borrowing rate.

Financial instruments held at cost can be reconciled from beginning to ending balances as follows:

| | Group 2017 £ | Group 2016 £ | Company 2017 £ | Company 2016 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Financial liabilities | | | | |
| Loans and borrowings | | | | |
| Trade and other payables | 1,553,664 | 1,854,002 | 1,549,892 | 1,833,060 |
| Total loans and borrowings | 1,553,664 | 1,854,002 | 1,549,892 | 1,833,060 |
| Total financial liabilities | 1,553,664 | 1,854,002 | 1,549,892 | 1,833,060 |
| Total current | 1,553,664 | 1,854,002 | 1,549,892 | 1,833,060 |
| Total non-current | — | — | — | — |

The carrying value of current financial liabilities in the Company is not materially different from that of the Group.

21.2 Fair values

21.2.1 Fair values of financial assets and liabilities

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The carrying amount of the Company's financial assets and liabilities is not materially different to their fair value. The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Where a quoted price in an active market is available, the fair value is based on the quoted price at the end of the reporting period. In the absence of a quoted price in an active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

| Group and Company 30 June 2017 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
|---|--------------|--------------|--------------|------------|
| Available for sale financial assets at fair value through OCI | | | | |
| – Unquoted equity shares | — | 6,018,540 | — | 6,018,540 |
| – Quoted equity shares | 61,606 | — | — | 61,606 |
| Group and Company 30 June 2016 | Level 1 £ | Level 2 £ | Level 3 £ | Total £ |
| Available for sale financial assets at fair value through OCI | | | | |
| – Unquoted equity shares | — | 1,758,119 | — | 1,758,119 |
| – Quoted equity shares | 218,433 | — | — | 218,433 |

The valuation techniques used for instruments categorised in Levels 2 and 3 are described below:

Unquoted available for sale financial assets (Level 2)

A significant portion of the Group's available for sale financial asset is an investment in equity shares of a non-listed company. The fair value of unquoted ordinary shares has been estimated using the weighted average share price of actual sale transactions that happened between de-listing date and the year end.

21.3 Financial risk management policies

The Directors monitor the Group's financial risk management policies and exposures and approve financial transactions.

The Directors' overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group are exposed to through its financial instruments are credit risk and market risk, consisting of interest rate risk, liquidity risk, equity price risk and foreign exchange risk.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

21 Financial instruments continued

21.3 Financial risk management policies continued

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial liability of significant customers and counterparties), ensuring, to the extent possible, that customers and counterparties to transactions are of sound creditworthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Directors have otherwise cleared as being financially sound.

Other receivables which are neither past due nor impaired are considered to be of high credit quality.

The consolidated Group does have a material credit risk exposure with Mid Migori Mining Company Limited, an associate of the Company. See note 1.5, 'Significant accounting judgements, estimates and assumptions' and note 15 for further details.

The Group has an outstanding pledge (2016: £nil) of its shares in Jupiter Mines Limited as security for its USD4.4m loan to YA Global in relation to its investment into Steelmin Ltd.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- maintaining a reputable credit profile.

The Directors are confident that adequate resources exist to finance operations for commercial exploration and development and that controls over expenditure are carefully managed.

Management intend to meet obligations as they become due through ongoing revenue streams, the sale of assets, the issuance of new shares, the collection of debts owed to the Company and the drawing of additional credit facilities.

Market risk

Interest rate risk

The Company is not exposed to any material interest rate risk.

Equity price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities, but also include political, economic, social, technical, environmental and regulatory factors.

Foreign currency risk

The Group's transactions are carried out in a variety of currencies, including Sterling, Australian Dollar, US Dollar, Kenyan Shilling and Euro.

To mitigate the Group's exposure to foreign currency risk, non-Sterling cash flows are monitored. The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another and the currencies most widely traded in are relatively stable.

The Directors consider the balances most susceptible to foreign currency movements to be the available for sale financial assets as well as its back to back borrowing in Euros and loans outstanding in USD relating to its investment in Steelmin Ltd. The Company is considering hedging options in order to help mitigate the risks associated with adverse euro/dollar movements between these two loan amounts.

These assets are denominated in the following currencies:

| Group 30 June 2017 | GBP £ | AUD £ | USD £ | EUR £ | Other £ | Total £ |
|--------------------------------|-----------|-----------|-----------|-----------|------------|------------|
| Cash and cash equivalents | 27,304 | 225 | 877,696 | — | 3,869 | 909,094 |
| Other receivables | 725,727 | 97 | 1,050,854 | 2,421,831 | 4,371 | 4,202,880 |
| Available for sale investments | 61,606 | 5,743,540 | 275,000 | — | — | 6,080,146 |
| Non-current receivables | 3,070,862 | — | 1,337,578 | — | 135,315 | 4,543,755 |
| Trade and other payables | 549,930 | 267 | 161,171 | — | 842,296 | 1,553,664 |
| Short-term borrowings | — | — | 3,258,608 | — | — | 3,258,608 |
| Group 30 June 2016 | GBP £ | AUD £ | USD £ | EUR £ | Other £ | Total £ |
| Cash and cash equivalents | 23,847 | 106 | 388 | — | 2,223 | 26,564 |
| Other receivables | 549,179 | 242 | 386,833 | — | 3,300 | 939,554 |
| Available for sale investments | 218,432 | 1,483,120 | 275,000 | — | — | 1,976,552 |
| Non-current receivables | 2,722,496 | — | 1,980,748 | — | 135,315 | 4,838,559 |
| Trade and other payables | 965,553 | 597 | 85,214 | — | 802,638 | 1,854,002 |
| Short-term borrowings | — | — | 57,490 | — | — | 57,490 |
| Company 30 June 2017 | GBP £ | AUD £ | USD £ | EUR £ | Other £ | Total £ |
| Cash and cash equivalents | 27,304 | — | 877,696 | — | 135 | 905,135 |
| Other receivables | 940,601 | — | 964,856 | 2,421,831 | 249,501 | 4,576,789 |
| Available for sale investments | 61,606 | 5,743,540 | 275,000 | — | — | 6,080,146 |
| Non-current receivables | 3,070,862 | — | 1,337,578 | — | 135,315 | 4,543,755 |
| Trade and other payables | 546,425 | — | 161,171 | — | 842,296 | 1,549,892 |
| Short-term borrowings | — | — | 3,258,608 | — | — | 3,258,608 |
| Company 30 June 2016 | GBP £ | AUD £ | USD £ | EUR £ | Other £ | Total £ |
| Cash and cash equivalents | 23,847 | — | 388 | — | 135 | 24,370 |
| Other receivables | 949,815 | — | 320,381 | — | 3,300 | 1,273,496 |
| Available for sale investments | 218,432 | 1,483,120 | 275,000 | — | — | 1,976,552 |
| Non-current receivables | 2,722,495 | — | 1,980,748 | — | 135,315 | 4,838,558 |
| Trade and other payables | 945,207 | — | 85,214 | — | 802,639 | 1,833,060 |
| Short-term borrowings | — | — | 57,490 | — | — | 57,490 |

Exposures to foreign exchange rates vary during the year depending on the volume and nature of overseas transactions.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

22 Significant agreements and transactions

The following are the significant agreements and transactions recently undertaken having an impact in the year under review and for the period to 22 November 2017. For the sake of completeness and of clarity, some events after the reporting period are included here and in note 24 on page 64.

Financing

On 22 August 2016, the Company raised £300,000 by way of an issue of 75,000,000 new ordinary shares of 0.01 pence each in the Company at a price of 0.40 pence per share. For every one share, each subscriber was issued with one warrant exercisable at a price of 0.80 pence per share and expiring on 22 August 2018. The proceeds of the placing were applied towards the Company's existing hard rock mineral projects and in expanding its project and business pipeline.

Steelmin

On 23 June 2017 the Company announced that it had entered into back to back financing agreements under which it would fund Steelmin Limited to complete the refurbishment and recommissioning of a ferrosilicon smelter complex in Jajce, Bosnia and to simultaneously acquire an equity interest in Steelmin.

In order to fund Steelmin's refurbishment, Red Rock issued an eight-month secured loan of €3,848,000 bearing 13% interest and extendable for a further eight months for a 5% renewal fee. The Company received a 7.5% arrangement fee with 4% due at close and the balance of 3.5% due after eight months.

For putting this loan in place Red Rock was issued 16% of the fully diluted equity of Steelmin. Red Rock also received a board seat and one observer seat, with the second seat converting to a full board position if the loan was extended. For each month following a holiday period lasting until 1 September 2017 the Company will receive a further 1% of the fully diluted equity of Steelmin on a predetermined schedule up to a maximum of 30%.

To fund the loan to Steelmin the Company borrowed USD4,400,000 from a group of institutional investors on a secured basis bearing interest at 13% pa with a renewal option for a further 8 months for a 5% fee. The Company further issued 20,000,000 warrants with a 24-month life exercisable at 2.2 pence per share. The loan has a three-month repayment holiday and 75% of the loan is to be amortized over 8 months leaving a 25% bullet at 12 months. A 7.5% arrangement fee was agreed with 4% to be withheld at closing and 3.5% at the earlier of an exit from the Company's stake in Jupiter Mines or 31 December 2017.

In the case of a Jupiter Mines liquidity event then depending on the quantum Red Rock will repay between 30% and 50% of the outstanding principal and interest of the loan. Any other early repayments outside of this mechanism will incur a 5% early repayment fee. In the event of a default in repayment in principal or interest by the Company of more than 5 days, the investors may convert the amount in default into new ordinary shares at 93% of the volume-weighted average price at which the shares have traded in the three days prior to the allotment, subject to a maximum value of 5x the average daily value traded over that period. The investors are to receive a potential earn out payment based on the value of the Company's Jupiter Mines investment at the time of a trade sale or IPO of the Tshipi Manganese mine, the amount payable is to vary between USDnil and USD410,000 with USD100k payable if no Jupiter Mines liquidity event occurs before 31 December 2017.

Jupiter Mines

On 21 November 2016 and 23 January 2017, the Company announced that Jupiter Mines Ltd, ("Jupiter") an Australian unlisted public company had provided details of its plans to distribute USD55m to shareholders. All Jupiter shareholders were made an equal offer to buy back 6% of their shares at a price of USD0.40 per share. At the time of the buyback Red Rock held 27,324,374 shares in Jupiter, equal to approximately 1.2% of the issued share capital. During the year the Company accepted the buy-back offer and received USD655,784 in consideration and following the buyback held 25,684,913 shares.

Four Points Mining

On 14 April 2015 the Company executed a Sale Agreement with Colombia Milling Limited ("CML"), a private company registered in Belize. CML is the nominee of Nicaragua Milling Company ("NML"), with which Red Rock signed a Letter of Intent on 12 May 2014. CML is represented by James Randall Martin and Geoff Hampson, and the entire share capital of CML has as of early 2016 been vended into Para Resources Ltd, a public vehicle listed on the TSX Venture Exchange. Completion ("Completion") of the Sale Agreement took place on 13 May 2015. Under the Sale Agreement, the Company sold, and CML bought, (a) a 100% interest in American Gold Mines Limited ("AGM"), which owns a 50.002% interest in Four Points Mining SAS ("FPM"), the owner of the El Limón mine, and (b) its loans to FPM, for a total consideration of USD5,000,000. CML also purchased a 11.2% stake from a minority shareholder in the business. Payment of the consideration of USD5,000,000 occurs in tranches. The initial payment of USD100,000, was made in respect of the CML's due diligence review and was considered part of the first tranche. The balance of the first tranche of USD400,000, second tranche of USD225,000 and third tranche of USD225,000 have been paid as of 30 June 2017.

Additional payments of up to USD2,000,000 will be paid in the form of a 3% net smelter return royalty ("First NSR") payable quarterly and as of 30 June 2017 USD31,841 of the USD2,000,000 has been paid to the Company. A final royalty stream of up to USD1,000,000 will be paid following the payment in full of the First NSR in the form of a 0.5% net smelter return royalty ("Second NSR") payable quarterly on gold production from FPM.

A further payment of USD1,000,000 was satisfied by the issuance by CML to Red Rock at Completion of a three-year convertible 5% promissory note ("PN"), secured on the acquired shares in AGM and providing that during its currency CML will procure that AGM does not alienate or dispose of its interest in FPM. Security for the PN is held in the form of a charge over 100% of the shares in AGM and conversion was possible following any listing of CML or vend of the assets into a public vehicle. As of 05 April 2017, the Company has agreed to drop all claims of conversion in exchange for an early partial repayment of the loan note and a broadening of the definition of what production is covered by the First NSR and Second NSR. In particular both the First NSR and Second NSR will be payable on all gold production revenues of the plant at El Limon, and as such will include both ore mined locally as well as ore brought in from third party sources.

As of 12 June 2017, the early repayment of USD225,000 has been made, leaving the balance due with interest in May 2018.

Kenya

On 7 May 2015, the Company announced that its partner, Mid Migori Mining Ltd ("MMM"), has been advised by the Ministry of Mining of the termination of its Special Licences numbers 122 and 202 ("the SLs"). MMM intends to challenge this purported termination. MMM also continues to have an application for a Mining Licence over a part of the SLs, submitted in 2012 pending at the Ministry.

On 26 June 2015, the Company announced that it has been granted leave to institute judicial review proceedings and a stay in relation to the purported termination of the Special Licences covering the Migori Gold Project of its partner Mid Migori Mining Ltd ("MMM"). Red Rock has now executed an agreement with Kansai Mining Corporation Ltd ("Kansai"), the other shareholder in MMM, pursuant to which Red Rock's farm-in agreement is replaced by arrangements under which any interest in the Migori Gold Project or the other assets of MMM that may be retained by or granted to MMM or Red Rock shall be shared in the ratio 75% to Red Rock and 25% to Kansai. Kansai's interest will be carried up to the point of an Indicated Mineral Resource of 2m oz gold. Red Rock is to have full management rights and the conduct of legal proceedings on behalf of both MMM and itself. Red Rock at the same time surrenders all its share interest in Kansai and pays £25,000 to Kansai, with a further £25,000 due upon recovery of the Migori Gold Project.

During the year under review the Company continued to work to protect its interests and those of its local partner in Kenya via its application for judicial review in relation to its Kenyan licences.

Shoats Creek

On 20 January 2016 the Company announced that its wholly owned subsidiary Red Rock Resources Inc, has agreed to acquire a 20% working interest / 14.4% net revenue interest from Shoats Creek Development Corporation in the LM#20 well for an immediate payment of USD120,000 and a USD80,000 promissory note payable in monthly instalments between July 2016 and December 2018 and bearing 4.5% interest. In the event that cumulative production from the LM#20 well exceeds 100,000 barrels of oil within three years, a further payment of USD40,000 becomes due. Shoats Creek Development Corporation receives a back-in-after-payout so that once the Company has received payments for oil and gas sales minus operating expenses equal to the investment required to drill the wells and associated facilities, the Company's working interest will reset to 16.25% with a 11.7% net revenue interest. The Company further acquired the option but not the obligation to invest in additional wells and re-entry opportunities that might be proposed from time to time on a heads-up basis.

23 Related party transactions

- On 5 April 2013, Regency Mines plc, Red Rock Resources plc, where Andrew Bell currently is a Director, and Greatland Gold plc, where Andrew Bell previously was a Director, entered into a joint lease at Ivybridge House, 1 Adam Street, London WC2N 6LE. The total cost to the Company for these expenses during the year was £121,046 (2016: £110,918), of which £60,523 represented the Company's share of the office rent and the balance services provided (2016: £44,979). The Company planned to let this agreement lapse at expiration on 1 December 2017.
- The costs incurred on behalf of the Company by Regency Mines plc are invoiced at each month end and settled on a quarterly basis. By agreement, the Company pays interest at the rate of 0.5% per month on all balances outstanding at each month end until they are settled. The total charge for the year was £44,645.59 (2016: £15,869).
- Related party receivables and payables are disclosed in notes 16 and 17.
- The Company held 1,695,000 shares (0.29%) in Regency Mines plc as at 30 June 2016, at 30 June 2017 and same number of shares at 22 November 2017.
- The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2017 are shown in the Director's Report on page 16.
- The key management personnel are the Directors and their remuneration is disclosed within note 7.

Notes to the Financial Statements

for the year ended 30 June 2017 continued

24 Events after the reporting period

Democratic Republic of Congo Copper-Cobalt project due diligence

On 27 September 2017 the Company announced that it has entered into a conditional agreement with Cobalt Blue Limited, a private Isle of Man company ("COB"), to acquire an interest in a Joint Venture company ("JVCo") to be newly formed for the exploitation of four or five copper/cobalt tailings near Kolwezi in the Democratic Republic of Congo ("Agreement" and "DRC"). RRR has 40 days for due diligence and an exclusivity period of 45 days. In the event that RRR elects to proceed with the transaction following due diligence and fulfilment or waiver of the conditions, it will acquire 26.25% of JVCo for:

- Cash payment of USD700,000
- £490,000 payable in RRR shares ("Shares") at 0.65 pence a share, with attached 5 for 3 three year warrants to subscribe for new Shares at 1p ("Warrants")
- Commitment by RRR to fund USD1.2m of exploration expenditure over 18 months to produce a bankable feasibility study ("BFS") on Kamirombe, and thereafter pro rata.
- Following completion of a BFS, Red Rock will have six months within which to elect to pay USD1m to farm into a further 26.25% of the JVCo bringing its interest to 52.5%

On 3 November 2017 the Company announced that the due diligence period had been extended by 30 days to allow additional time to complete the planned drilling and laboratory analysis in order to determine whether to proceed with the investment and JVCo.

Steelmin investment

On 1 September 2017 the Company was issued with an additional 1% of Steelmin's fully diluted shares. On 1 October 2017 the Company was issued with a further 1% of the fully diluted equity of Steelmin, and on 1 November the Company was issued with an additional 1% of Steelmin Ltd. share bringing its total to 19%.

Jupiter buy back

On 31 July 2017, 11 September 2017 and 28 September 2017 Jupiter Mines, an unlisted public company in which Red Rock owns approximately 1.2%, announced its intentions to distribute USD25m to shareholders. This distribution would be via an equal offer to buy back 4% of outstanding shares at a price of USD0.29 per share. Red Rock announced its intention to take up this offer and as such expected proceeds of approximately USD300,000 in early December 2017.

Issue of new shares

On 27 October 2017, Red Rock issued 4,500,000 share consideration as part of a settlement of obligations to Kansai Mining Corporation Ltd, originally announced on 26 June 2015. The commitment to pay Kansai an initial amount of £25,000 arising under that agreement was settled by shares which equated to £27,000 and included a notional charge for delayed interest.

Convertible Loan Issuance

On 10 November 2017 Red Rock announced the issuance of £495,000 of convertible loan notes with accompanying warrants to high net worth investors. The notes were issued at par and are convertible into ordinary shares of Red Rock at a price of £0.008 per share. Each note has a denomination of £1,000 and is convertible into 125,000 new shares in the Company. Conversion may take place at any time up to the final redemption date of 19 December 2018. Each note holder further receives 62,500 warrants for each note subscribed. Each warrant entitles the holder to subscribe for shares any time up to 30 April 2019 at a price of £0.014 per share. The interest rate on the notes is 10% per annum accruing monthly. Up to £1,000,000 may be issued in one or more tranches.

Annual General Meeting

The Company intends to issue a notice of Annual General Meeting of shareholders to be held on 22 December 2017 for the purpose of dealing with the usual business applicable at such a meeting.

25 Commitments

As at 30 June 2017, the Company had entered into the following commitments:

- Exploration commitments: ongoing exploration expenditure is required to maintain title to the Group mineral exploration permits in Kenya. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of operations of the Group.
- On 26 June 2015 the Company announced an agreement with Kansai Mining Corporation Ltd – pursuant to which Red Rock's farm in agreement was replaced by agreements under which any interest in the Migori Gold Project or the other assets of Mid Migori Mines that may be retained or granted to Mid Migori Mines or Red Rock shall be shared 75% to Red Rock and 25% to Kansai. Kansai's interest is to be carried up the point of an Indicated Mineral Resource of 2m oz of gold. Red Rock committed to having full management rights of the operations and of the conduct of legal proceedings on behalf of both Mid Migori Mines and itself.
- On 5 April 2013, Red Rock Resources plc entered into a joint lease agreement with Regency Mines plc and Greatland Gold plc at Ivybridge House, 1 Adam Street, London WC2N 6LE. The lease is non-cancellable until 1 December 2017. As of 1 November 2017, the Company intended to let the lease expire on 1 December 2017 and to move into new offices.

26 Assets pledged as collateral

As announced on 23 June 2017 the Company has borrowed USD4,400,000 in order to make a loan to Steelmin Ltd to fund refurbishment of its ferrosilicon smelter in Jajce, Bosnia. As part of this loan the Company has given security over 100% of its holding in the shares of Jupiter Mines, being 25,684,913 shares, an unlisted public company in Australia, as well as over the Company's own €3,848,000 loan note to Steelmin secured with a fixed and floating charge over all the assets of Steelmin Ltd, which includes the shares of Steelmin limited in that of its Bosnian subsidiary, Steelmin BH, the 100% owner of the Jajce ferrosilicon smelter.

27 Control

There is considered to be no controlling party.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Red Rock Resources plc (the “Company”) will be held at WeWork Waterhouse Square, 138 Holborn, London EC1N 2SW on 22 December 2017 at 11.00 am for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1–4 and as special resolutions in the cases of resolution 5.

Ordinary Resolutions

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 June 2017.
2. To re-elect Andrew Bell as a Director of the Company, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.
3. To re-appoint Chapman Davis LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.
4. That in substitution for all existing and unexercised authorities, the directors of the company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 (“the Act”) to exercise all or any of the powers of the company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £50,000 provided that this authority shall, unless previously revoked or varied by the company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the directors of the company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

5. That in substitution for all existing and unexercised authorities and subject to the passing of resolution 4, the directors of the company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 4 as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by special resolution of the company in general meeting, shall be limited:
 - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory;
 - (b) the grant of a right to subscribe for, or to convert any equity securities into Ordinary Shares otherwise than under sub-paragraph (a) above, up to a maximum aggregate nominal amount of £10,000; and
 - (c) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £40,000 in respect of any other issues for cash consideration;

and shall expire on the earlier of the date of the next Annual General Meeting of the company or 15 months from the date of the passing of this Resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided.

This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid card to:

The Company Secretary
Red Rock Resources Plc
c/o Share Registrars Limited
The Courtyard
17 West Street
Farnham, Surrey GU9 7DR

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

Registered Office:

Third Floor
55 Gower Street
London WC1E 6HQ
Registered in England and Wales Number: 5225394

By order of the Board

Stephen Ronaldson
Company Secretary
22 November 2017

Notes to the Notice of General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232; and
- received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 22 November 2017, the Company's issued share capital comprised 483,417,740 ordinary shares of £0.0001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 22 November 2017 is 483,417,740.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone Miss Rasa Vaitkute on 020 7747 9990 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via euroclear.com/CREST).

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Company Information

Directors

Andrew Bell
Executive Chairman

Scott Kaintz
Executive Director

Michael Nott
Non-executive Director

Sam Quinn
Independent Non-executive Director

all of:
Red Rock Resources (We Work)
71-91 Aldwych House
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020 7747 9990

Secretary and Registered Office

Stephen Ronaldson
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Website

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Auditor

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Solicitors

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Nominated adviser

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West Sussex RH10 1LQ

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Registrars

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Registered number

05225394



www.rrrplc.com



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