

CANADA METAL (PACIFIC) LIMITED

- FOUNDRY
- DIECAST
- CNC MACHINING

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Memorandum:

To: Rocna Customers, Distributors and Retailers
From: John Mitchell (President), Canada Metal (Pacific) Limited
Subject: November 2, 2011 - Progress Report.

Priority Initiatives:

Find and Replace any Suspect Product.
Add Additional Controls to the Existing Production Process.
Restore Confidence in the Classification Process.
Invest in Inventory to Ensure Timely Delivery.
Continue Timely and Accurate Communications.

Dear Customer,

We are very pleased to provide you with this "Priority Initiatives" progress report.

Find and Replace any Suspect Product.

Considerable effort has been expended to verify our initial information, which indicated that for the period January-June 2010 the shanks of some of the Rocna anchors were manufactured and shipped using a steel alloy that did not meet the manufacturing specification. We have collected a significant amount of data (material certificates, invoices, manufacturers' statements and production records) that while not complete (our investigation will continue) indicates that production before and after this affected period was in conformance.

All authorized Rocna Distributors have been contacted and provided with information as to the existence of any suspect anchors. We continue to support their efforts to satisfy those customers who have concerns as to their specific anchor.

If you are a Rocna Re-seller or own a Rocna anchor and have any concern or questions regarding our support program please contact us immediately.

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www.canmet.com

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Add Additional Controls to the Existing Production Process.

Canada Metal is now in control of the complete manufacturing process and has initiated additional production improvements. Once produced, all Rocna anchors must pass through a rigorous final inspection prior to being released for shipment.

Our next step is to further enhance the production process by introducing new tooling and technology. These upgrades will improve quality and reduce time to market.

Restore Confidence in the Classification Process.

Our Engineers have met with the RINA representatives who have confirmed that the Current SHHP Classification as it relates to “Fabricated” anchors is valid. Canada Metal has contracted them to provide audit services in order to validate our casting process (currently used to produce anchors from 4 – 40kg). We expect the SHHP Classification process for cast anchors (which perform at least as well as the fabricated flukes) to be complete within three months.

Invest in Inventory to Ensure Timely Delivery.

Two of the Canada Metal warehouses have now received the first shipments of Rocna anchors. We expect our European warehouse to receive its first shipment in about six weeks. All three warehouses will have the ability to combine Rocna anchor shipments with our CMP Chain and Martyr anodes (www.canmet.com)

Continue Timely and Accurate Communications.

We invite you to visit the enhanced Rocna website (www.rocna.com) where you will find additional detail and objective evidence of our progress in rebuilding your faith in Rocna.

We will continue to release timely memorandums that will inform you of our progress as we work to rebuild the Rocna brand.

Our next memorandum will released on or about January 15th, 2012

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