



Shareholder Update

NOVEMBER 2013

A number of shareholders have been asking for progress updates on our activities so here's a summary of what we've been up to.

The Permitting Process

The short answer is we're making headway towards gaining our Mining Licence. Over the past four months, since we withdrew our Marine Consent application, our primary focus has been on acquiring our Mining Licence.

The process is taking longer and proving more complex than we and NZ Petroleum and Minerals anticipated. You will recall we received a letter from NZP&M in April indicating it hoped to deal with the licence quickly.

In the intervening time we have supplied at least six supplementary documents following requests for further information, and have met with representatives of NZP&M each week in order to satisfy bureaucratic requirements.

After a long, complex and at times very frustrating exercise we believe the final few outstanding issues are close to being resolved.

It is fair to point out that the process has not been helped by our application being the first of this type under the new Crown Minerals Act. NZP&M has been determined to demonstrate a robust assessment process, an intent we support, but at times that determination has caused the process to drag on to no-one's benefit.

At this stage all we can say is watch this space, we are confident of a positive outcome in the near term.

Environmental Impact Assessment

In preparation for submitting our Environmental Impact Assessment as part of the Marine Consent application, the team continues to refine our documentation. We have received feedback from a variety of sources that has enabled us to continue to improve the information we will present.

This includes being able to anticipate as accurately as possible potential areas of concern and to provide data to address them, or to identify possible mitigation or monitoring ideas.

While the delays related to the Mining Licence have been expensive in both time and money terms, it has enabled us to ensure the EIA is thoroughly supported by scientific analysis and builds in feedback from extensive consultation with interested parties.

Conferences

We continue to receive opportunities to promote our project at conferences. We've found they are a particularly successful way of talking to stakeholders – and there are often possible investors in the audience, which is a bonus!

We've attended the Underwater Mining Industry conferences for the past three years. The first was at Gelendzhik on the Russian Black Sea (which took me 50 hours to get to). I made valuable connections with the large dredging companies and also met Robert Goodden, who became one of our expert advisers and latterly a director.

This year's conference was held in Rio De Janeiro and we continued to receive strong interest in our project from all the major international dredging companies and others involved in the marine mining industry.

Earlier in October Chair Linda Sanders and I presented an overview of the project to the New Zealand Institute of Chartered Accountants conference in Auckland.



Finance updates

I continue to talk to mainly international investors interested in investing in our project. During a recent trip to Los Angeles I met with three groups of financial intermediaries and high net-worth individuals.

Once we receive our Mining Licence I am confident we will attract further capital to finance our Marine Consent application process.

Consultation

We have an ongoing programme of talking to stakeholder groups to keep them informed about progress on the project. We received an invitation from Labour MP and environment spokesperson Moana Mackey to provide an update. We had presented to her and other MPs about a year ago.

The latest session, attended by five Labour MPs and also Forest and Bird's Kevin Hackwell, was extremely useful in teasing out key areas of interest. The focus of their questions was primarily on potential impacts on fishing, what other impacts water column and seabed sediments would have and the relevance of the Benthic Protection Areas to our project. The latter followed an unsuccessful attempt by Green MP Gareth Hughes to have BPAs cover mining as well as fishing activity.

We will also be presenting to public and iwi/imi groups on the Chatham Islands later in November.

Judging by the feedback received after our address the delegates were impressed with what we have achieved so far as a company and found our "story" a compelling one.

Chief Operating Officer Ray Wood spoke at a New Zealand Mining Summit in October, organised by NZP&M and Straterra to showcase New Zealand's mineral prospectivity. We were one of five companies presenting to an audience that included a number of potential Chinese investors.

Environmental questions

As a parallel activity, primarily arising from the inaccurate claims made by some Deep Water Group members, we have developed answers to potential questions often asked about environmental issues related to our project.

The questions and answers are now on our website see - <http://www.rockphosphate.co.nz/news/2013/11/1/qa-environment-questions-answered-fact-sheet>

Chris Castle
Managing Director