

Corporation minière

Rocmec

Mining
inc.

Rocmec Mining Inc.

(Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

3-MONTH PERIOD ENDED DECEMBER 31, 2008 AND 2007

These unaudited interim consolidated financial statements have been prepared by management. The external auditors have not examined these interim consolidated financial statements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

(unaudited)

	\$	\$
	December 31, 2008	September 30, 2008
ASSETS		
CURRENT ASSETS		
Precious metals - Fair value	31,114	20,853
Accounts receivable and other receivable	202,203	91,366
Sales taxes receivable	147,105	81,450
Tax credits receivable	1,389,907	1,317,714
Prepaid expenses	81,924	50,215
	<u>1,852,253</u>	<u>1,561,598</u>
PROPERTY, PLANT AND EQUIPMENT (Note 8)	2,622,789	2,708,348
FUNDS HELD FOR EXPLORATION AND DEVELOPMENT CHARGES	89,099	234,232
MINING PROPERTIES (Note 9)	888,142	888,142
DEFERRED EXPLORATION AND DEVELOPMENT CHARGES (Note 10)	14,544,953	13,274,792
SECURITY DEPOSITS	6,440	6,440
THERMAL FRAGMENTATION - EXCLUSIVE LICENCE	<u>1,367,132</u>	<u>1,367,132</u>
	<u>21,370,808</u>	<u>20,040,684</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,685,906	1,286,706
Loans (Note 11)	1,473,489	1,347,810
Current portion of long-term debt (Note 12)	640,279	301,285
Current portion of debentures (Note 13)	<u>2,219,047</u>	<u>1,881,168</u>
	6,018,721	4,816,969
LONG-TERM DEBT (Note 12)	1,734,943	1,468,363
DEBENTURES (Note 13)	631,733	1,071,074
FUTURE INCOME TAXES	<u>1,745,394</u>	<u>1,592,975</u>
	<u>10,130,791</u>	<u>8,949,381</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	26,077,498	25,283,415
Contributed surplus	1,855,912	1,618,204
Warrants (Note 14)	3,166,432	3,056,799
Equity component of convertible debentures	752,944	774,944
Deficit	<u>(20,612,769)</u>	<u>(19,642,059)</u>
	<u>11,240,017</u>	<u>11,091,303</u>
	<u>21,370,808</u>	<u>20,040,684</u>

CONTINGENCIES AND COMMITMENTS (Notes 15 and 16)

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

ON BEHALF OF THE BOARD OF DIRECTORS

(s) Donald Brisebois _____, Director

(s) Daniel Gilbert _____, Director

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(unaudited)

	\$	\$
	3-month period ended December 31, 2008	3-month period ended December 31, 2007
INCOME		
Foreign contracts	149,573	-
	<u>149,573</u>	<u>-</u>
DIRECT COST		
Labour	70,936	-
Travel expenses & lodging	57,086	-
Supplies	3,862	-
Interest - capital lease	2,005	-
	<u>133,889</u>	<u>-</u>
GROSS PROFIT	<u>15,684</u>	<u>-</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and fringe benefits	129,406	114,654
Stock-based compensation	-	52,284
Insurance	4,711	5,550
Bank charges	1,832	1,823
Trustee fees and registration	3,178	4,054
Management fees	1,500	1,500
Patents fees	6,973	-
Professional fees	49,117	115,671
Financial fees	71,343	4,026
Reporting to shareholders	1,984	5,333
Directors' fees	-	600
Rent	23,100	11,550
Stationary and office expenses	7,000	5,545
Telecommunications	7,125	3,312
Travelling and promotion	25,213	15,754
Interest on debentures and long-term debt and other interest (A)	311,025	215,223
Amortization of fixed assets	5,705	1,925
Loss (gain) on revaluation of precious metals	4,703	12,511
Loss (gain) on exchange rate	733	-
Part XII.6 income taxes	8,982	-
Write-off of mining properties	20,180	-
	<u>683,810</u>	<u>571,315</u>
LOSS BEFORE INCOME TAXES	(668,126)	(571,315)
INCOME TAXES (Note 18)		
Future income taxes	(152,419)	(123,284)
NET LOSS AND COMPREHENSIVE INCOME	<u>(820,545)</u>	<u>(694,599)</u>
NET LOSS PER SHARE		
Basic	(0.006)	(0.006)
Diluted	(0.006)	(0.006)
Weighted average number of shares outstanding	142,607,914	112,534,367
(A) INTEREST ON DEBENTURES AND LONG-TERM DEBT AND OTHER INTEREST		
Interest on debentures and long-term debt	282,567	185,353
Other interest	28,458	29,870
INTEREST ON DEBENTURES AND LONG-TERM DEBT AND OTHER INTEREST	<u>311,025</u>	<u>215,223</u>

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

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED DEFICIT

(unaudited)

	\$	\$
	<u>3-month period ended December 31, 2008</u>	<u>3-month period ended December 31, 2007</u>
DEFICIT AT BEGINNING OF YEAR	(19,642,059)	(12,608,748)
NET LOSS	(820,545)	(694,599)
SHARE ISSUANCE EXPENSES		
Future income taxes related to flow-through shares	-	-
Other share issuance expenses	(150,165)	(713,849)
	<u>(150,165)</u>	<u>(713,849)</u>
DEFICIT AT END OF YEAR	<u>(20,612,769)</u>	<u>(14,017,196)</u>

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

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED CONTRIBUTED SURPLUS

(unaudited)

	\$	\$
	December 31, 2008	September 30, 2008
BALANCE, BEGINNING OF YEAR	1,618,204	972,823
Equity component of convertible debentures reimbursed	22,000	-
Options granted (Note 14)	-	148,043
Brokers' units options granted (Note 14)	44,297	318,898
Warrants expired (Note 14)	171,411	178,440
BALANCE, END OF YEAR	1,855,912	1,618,204

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

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	\$	\$
	3-month period ended December 31, 2008	3-month period ended December 31, 2007
OPERATING ACTIVITIES		
Net loss	(820,545)	(694,599)
Operating items not involving cash		
Non-cash interest expense on convertible debentures	73,538	71,570
Amortization of property, plant and equipment	5,705	1,925
Stock-based compensation	-	52,284
Write-off of mining properties	20,180	-
Future income taxes	152,419	123,284
Changes in working capital items	18,460	46,178
Cash flows from operating activities	(550,243)	(399,358)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(95,254)	(116,592)
Disposal (acquisition) of mining properties	(20,180)	(81,788)
Deferred exploration and development charges	(992,967)	(2,882,351)
Funds held for exploration and development charges	145,133	(165,606)
Acquisition of thermal fragmentation - exclusive licence	-	(1,013)
Cash flows from investing activities	(963,268)	(3,247,350)
FINANCING ACTIVITIES		
Loans	141,000	-
Loan reimbursement	(15,321)	(673,232)
Debenture reimbursement	(175,000)	-
Issuance of long-term debt	600,000	-
Long-term debt reimbursement	5,574	(38,787)
Share issuance expenses	(49,100)	(593,372)
Issuance of shares	769,683	3,641,228
Issuance of warrants	236,675	1,310,871
Equity component of convertible debentures	-	-
Cash flows from financing activities	1,513,511	3,646,708
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	-	-
Interest paid	241,357	249,679

Supplemental cash flows information (Note 17)

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

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

1- GENERAL

The interim consolidated financial statements have been prepared in accordance with accounting policies generally accepted in Canada. They follow the same accounting policies as the annual consolidated financial statements for September 30th, 2008. These financial statements do not include all required information for generally accepted accounting principles used in annual financial statements and should be read with the accompanying notes on the Company's September 30, 2008 financial statements.

2- GOING CONCERN

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and on the basis of the going concern assumption meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

A number of unfavorable conditions and events have left some doubt as to the appropriateness of this assumption. The Company has incurred significant operating losses in the last period and its working capital is deficient.

The Company is trying to obtain various options from its lenders and shareholders that would allow it to obtain additional financing. The company's ability to continue as a going concern depends on its capacity to raise additional funds and while it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate, because management feels that the measures described above that it took or intends to take will mitigate the effect of the conditions and facts that raise doubt about the appropriateness of this assumption.

3- ACCOUNTING CHANGES

On October 1, 2007, according to the applicable transitional provisions, the Company applied the recommendations of the new section 1506, "Accounting changes", of the Handbook of the Canadian Institute of Chartered Accountant. This new chapter, effective for fiscal periods beginning January 1, 2007, establishes criteria of changes in the accounting methods as well as the accounting treatment and information to provide related to changes in accounting methods, accounting estimate changes, and error corrections. Furthermore, the new standard requires communication of the new primary sources of GAAP issued but not yet into force or not yet adopted by the Company. The new standard has no impact on the financial results of the Company.

On October 1, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of Section 1535, "Capital Disclosures" of the Canadian Institute of Chartered Accountants' Handbook. This new section, effective for fiscal years beginning on or after October 1, 2007, establishes standards for disclosing information about the Company's capital and how it is managed. The new accounting standard only addresses disclosures and has no impact on the Company's financial results.

On October 1, 2007, in accordance with the applicable transitional provisions, the Company applied the recommendations of Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" describe the required disclosures and presentation of the financial instruments and non financial derivatives. This new requirements come into force for the fiscal periods starting on October 1, 2007 and the Company shall apply them starting on October 1, 2008. They are replacing sections 3861 "Financial Instruments – Disclosures and presentation". The new requirements only address disclosures and have no impact on the Company's financial results.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

4- FUTURE ACCOUNTING CHANGES

Going concern

In June 2007, The Canadian Institute of Chartered Accountants modified section 1400, "General standards of financial statements presentation", in order to require of the management the assessment of the capacity of the Company to continue its operations over at least, but not limited to, a period of 12 months, from the balance sheet date. These new requirements come into force for the fiscal periods from January 1, 2008 and the Company shall apply them from October 1, 2008. The new requirements only address disclosures and will have no impact on the Company's financial results.

Goodwill and Other Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants published new Section 3064, "Goodwill and Intangible Assets", to replace Section 3062, "Goodwill and Other Intangible Assets". Publication of this new section resulted, in particular, in the withdrawal of Section 3450, "Research and Development Costs", and Emerging Issues Committee Abstract of Issue Discussed EIC-27, "Revenues and Expenditures During the Pre-operating Period", as well as number of amendments to Section 1000, "Financial Statement Concepts", to clarify the criteria for recognition of assets, and Accounting Guideline AcG-11 "Enterprises in the Development Stage".

The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets by profit-oriented enterprises. It clarifies the recognition of intangible assets and deals with the recognition of internally generated intangible assets. However, the standards relating to goodwill are identical to those in Section 3062. This new section is effective for fiscal years beginning on or after October 1, 2008 and the Company will implement it as of that date. The Company's management is not able to assess the impact that the application of this new section will have on the financial statements.

5- SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are accounted for at cost. Amortization is based on their estimated useful life using the straight-line method at the following annual rates:

Equipment	5 to 10 years
Mill plant	5 to 10 years
Computer equipment	2 to 4 years
Automotive equipment	4 years
Leasehold improvements	3 years
Telephone system	5 years

Rocmec Mining Inc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

6- CAPITAL MANAGEMENT

In terms of capital management, the objectives of the Company are to preserve its ability to continue its mining operations and its thermal fragmentation mining method as well as its current bulk sampling program at the Rocmec 1 mining site. If necessary, the Company raises funds by private placement of common shares, in loans and debentures in order to support the development of its activities. The Company does not intend to pay dividend in the foreseeable future.

The Company includes loans, long-term debt, debentures, share capital, contributed surplus, warrants and equity component of convertible debenture in the definition of capital for a total amount of \$38,552,277 (\$36,803,062 - September 30, 2008).

The property in which the Company has an interest is in the development stage and the use of the thermal fragmentation mining method by other mining companies is also in the development stage; As such, the Company is dependant on external financing to fund its activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no significant changes in the Company's approach to capital management during the period ended December 31, 2008. The Company does not have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, other than those related to its flow-through financing agreements.

7- FINANCIAL INSTRUMENTS

The Company is exposed to various financial risks that result from both its operations and its investment activities. Financial risk management is carried out by the Company's management.

Credit risk

The credit risk is the risk associated with non-payment of financial obligations by the customers of the Company. The credit risks that the Company faces are mainly attributable to recovery of various accounts receivable. Cash is held by a Canadian Chartered Bank in which management believes that the risk of loss is minimal but the Company is subject to concentration of credit risk.

Liquidity risk

The liquidity risk is the risk that the Company experiences difficulty honoring commitments related to financial liabilities. The management approach concerning cash management is to ensure, as much as possible, that the Company has the necessary funds to meet its financial obligations at maturity. If considered necessary, management renegotiates extensions to maturity dates to balance the needs in cash and financings.

The company expects to satisfy obligations under accounts payable and accrued liabilities, interest payment on convertible debentures and borrowings and repayment of the short-term part of long-term debts and convertible debentures. Management intends to continue, as was done in the past, to finance its activities by raising funds by private equity investments, in loans or debentures. Even if it succeeded in financing its activities in the past, management cannot comment on the success of its future fund raising and it believes that the liquidity risk is high.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

7- FINANCIAL INSTRUMENTS (continued)

Interest rate risk

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuate because of changes in market interest rates. Loans, long-term debt and debentures issued by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations.

Fair value

Financial instruments book values and fair values were as follows:

	December 31, 2008		September 30, 2008	
	Book value	Fair value	Book value	Fair value
<u>Other financial liabilities</u>				
Long-term debt	2,375,222	2,375,222	1,769,648	1,769,648
Convertible debentures	2,850,780	2,850,780	2,952,242	2,952,242

The fair value of long-term debt and debentures are estimated using discounted cash-flow analysis, based on current corresponding borrowing rates for similar types of borrowing arrangements.

8- PROPERTY, PLANT AND EQUIPMENT

	December 31, 2008			September 30, 2008		
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value
	\$	\$	\$	\$	\$	\$
Equipment	1,630,330	662,235	968,095	1,623,830	659,620	964,210
Mill plant (1)	1,756,278	337,558	1,418,720	1,740,540	191,004	1,549,536
Computer equipment	33,201	21,304	11,897	31,513	17,422	14,091
Automotive equipment	231,312	137,730	93,582	193,608	113,029	80,579
Leasehold improvements	29,423	1,226	28,197	-	-	-
Telephone system	4,201	105	4,096	-	-	-
	<u>3,684,745</u>	<u>1,160,158</u>	<u>2,524,587</u>	<u>3,589,491</u>	<u>981,075</u>	<u>2,608,416</u>
Capital lease						
Equipment	101,850	3,648	98,202	101,850	1,918	99,932
	<u>101,850</u>	<u>3,648</u>	<u>98,202</u>	<u>101,850</u>	<u>1,918</u>	<u>99,932</u>
	<u>3,786,595</u>	<u>1,163,806</u>	<u>2,622,789</u>	<u>3,691,341</u>	<u>982,993</u>	<u>2,708,348</u>

(1) Including a modular plant under construction having a net book value of \$1,403,405.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

9- MINING PROPERTIES

	Balance as at September 30, 2008	Addition (Decrease)	Write-off	Balance as at December 31, 2008
	\$	\$	\$	\$
Rocmec 1 (Quebec, Canada)	888,142	-	-	888,142
Puma (Arequipa, Peru)	-	20,180	(20,180)	-
	888,142	20,180	(20,180)	888,142

	Balance as at September 30, 2007	Addition (Decrease)	Write-off	Balance as at September 30, 2008
	\$	\$	\$	\$
Montauban (Quebec, Canada)	807,658	(25,000)	(782,658)	-
Denain (Quebec, Canada)	142,568	300	(142,868)	-
Courville-Maruska (Quebec, Canada)	-	750	(750)	-
Vauquelin (Quebec, Canada)	-	50	(50)	-
Rocmec 1 (Quebec, Canada)	888,142	-	-	888,142
Puma (Arequipa, Peru)	-	334,267	(334,267)	-
	1,838,368	310,367	(1,260,593)	888,142

a) Montauban project - Montauban and Grondines township, Québec

A 100% interest in 83 mining claims.

b) Denain project - Denain township, Québec

A 85% interest in 23 mining claims subject to a 3.5% net smelter return (NSR) royalty.

c) Courville-Maruska project - Courville township, Québec

A 100% interest in 20 mining claims.

d) Rocmec 1 project - Dasserat township, Québec

A 100% interest in 11 mining claims subject to a 5% Net Metal Royalty on first 25,000 ounces and 3% on the additionnel ounces.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

10- DEFERRED EXPLORATION AND DEVELOPMENT CHARGES

	Balance as at September 30, 2008	Deferred exploration and development charges	Write-off	Tax credit	Balance as at December 31, 2008
	\$	\$	\$	\$	\$
Rocmec 1 (Quebec, Canada)	13,274,792	1,342,354	-	(72,193)	14,544,953
	13,274,792	1,342,354	-	(72,193)	14,544,953

	Balance as at September 30, 2007	Deferred exploration and development charges	Write-off	Tax credit	Balance as at September 30, 2008
	\$	\$	\$	\$	\$
Montauban (Quebec, Canada)	836,537	-	(836,537)	-	-
Denain (Quebec, Canada)	1,114,158	-	(1,114,158)	-	-
Rocmec 1 (Quebec, Canada)	8,968,909	5,174,611	-	(868,728)	13,274,792
Others	-	-	(5,851)	5,851	-
	10,919,604	5,174,611	(1,956,546)	(862,877)	13,274,792

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

10- DEFERRED EXPLORATION AND DEVELOPMENT CHARGES (continued)

DETAIL OF DEFERRED EXPLORATION AND DEVELOPMENT CHARGES

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
	\$	\$
Diamond drilling	-	237,022
Thermal fragmentation	15,392	315,722
Underground development	165,567	830,428
Supervision	57,074	398,290
Maintenance	208,516	1,610,838
Surface	99,002	433,491
Technical services	367,013	138,884
Other exploration expenses	71,453	288,680
Transport and milling	86,325	15,468
Royalty	-	55,644
Equipment rental	96,904	566,130
Precious metals sales	-	(22,873)
Amortization of fixed assets	175,108	306,887
	<u>1,342,354</u>	<u>5,174,611</u>

11- LOANS

December 31, 2008 September 30, 2008

Loans, bearing 12% and 15% interest, secured by tax credit receivable having a net book value of \$940,921, maturing April 2009.

871,500 730,500

Loans, bearing interest at annual rate of 18%, maturing June 2009. Additional interest of \$ 1 for each of the 50,000 first ounces of gold precessed from the Puma site (Peru) will be payable in the event that the site is put into production. Additional interest will be payable even if the loans have been reimbursed before the production of the first 50 000 ounces of gold.

500,000 500,000

Loans at demand with an officer and a director, bearing 18% interest, maturing December 2010.

55,000 55,000

Loans reimbursable in gold, bearing 1% monthly interest, repayable in 4 equal quarterly installments, commencing on November 30th, 2006 and maturing August 2007. Repayment of interest and principal will be paid in gold ounces delivered to the lenders. The number of ounces of gold to be delivered will be calculated by dividing the sum of the interests and capital to be paid by the average closing price of the last ten days based on the "spot market New York" in Canadian dollars minus 20%. At December 31, 2008, an amount of \$46,989 had not yet been reimbursed. In 2007, the Company has reached an agreement with lenders allowing a reimbursement at demand.

46,989 62,310

1,473,489 1,347,810

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

12- LONG-TERM DEBT

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
	\$	\$
Obligations under capital lease secured by the equipment of a net book value of \$98,202, repayable by monthly installments varying from \$129 to \$4,000 including interest calculated at rates varying from 8.75% to 14.02%, maturing September 2010.	85,476	96,416
Loans secured by automotive equipment of a net book value of \$87,044 repayable by monthly installments of \$3,327 including principal and interest calculated at rates varying from 0.06% to 3.9%, maturing between October 2008 and October 2013.	92,885	65,131
Loans secured by loader of a net book value of \$86,976 repayable by monthly installments of \$4,191 including principal and interest calculated at rates varying from 4.8% to 7.0%, maturing between August 2009 and August 2011.	96,861	108,101
Loan secured by a modular plant under construction, repayable by quarterly installments of \$187,500 commencing on September 2009, plus interest at a rate of 1.5% per month, maturing June 2011.	2,100,000	1,500,000
	<u>2,375,222</u>	<u>1,769,648</u>
Current portion	640,279	301,285
	<u>1,734,943</u>	<u>1,468,363</u>

Long-term debt principal repayments to be made during the following years are as follows:

	<u>Long-term debt</u>	<u>Capital lease</u>
	\$	\$
2009	596,635	48,457
2010	960,492	44,600
2011	568,794	-
2012	157,541	-
2013	6,284	-
	<u>2,289,746</u>	<u>93,057</u>

Total minimum lease payments

Amounts included in minimum lease payments
Interest expense

7,581

85,476

Rocmec Mining Inc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

13- DEBENTURES

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
	\$	\$
<u>Liability component of convertible debentures</u>		
<p>Eight \$100,000 convertible debentures totalling \$1,000,000, bearing interest rate of 12% (effective rate of 40%), repayable monthly, maturing at different maturity dates between September 2007 and November 2010. The debentures are convertible at the holder's option, into common shares at conversion prices ranging between \$0.23 and \$0.28. The holders, subject to regulatory approval, may request that interest payments be paid in common shares, semi-annually.</p>	689,169	656,465
<p>Convertible debenture totalling \$200,000, bearing interest rate of 12% (effective rate of 52%), repayable semi-annually, in common shares, repayable at maturity in March 2009. The debenture is convertible at the holder's option into common shares at conversion prices ranging between \$0.23 and \$0.25. Subject to regulatory approval, interest payments will be paid in common shares.</p>	186,611	164,263
<p>Convertible debentures totalling \$1,300,000, bearing interest rate of 12% (effective rate of 17.75%), plus a maximum NSR royalty of 1.8% on gold ounces produced during the first year at Rocmec 1 and 1.2% thereafter. The debentures will mature from December 31, 2008 to December 31, 2010, are redeemable on demand, at the Company's option, with a 3 month interest and royalty penalty. The debenture holders may convert 30% of the total amount of the debentures into common shares at a price of \$0.30 per share and the issuer has the right to force conversion of 70% of the total amount of the debentures into common shares at a price of \$0.70 if the closing stock price of the last 30 days preceding conversion exceeds \$0.90.</p>	1,125,000	1,281,514
Balance to carry-forward	<u>2,000,780</u>	<u>2,102,242</u>

Rocmec Mining Inc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

13- DEBENTURES (continued)

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
	\$	\$
Carry-forward balance	2,000,780	2,102,242
<u>Others debentures</u>		
Debentures, totalling \$850,000, redeemable at any time with a penalty equal to three months interest and are convertible into common shares at the option of the issuer, at the market price on the date of conversion subject to a minimum price of \$0.22, bearing interest at a rate of 12% per year, repayment of interest may be done semi-annually in common shares at the holder's option, subject to approval by regulatory authorities having jurisdiction on the securities of the Company, payable quarterly, repayable at maturity March 2009.	850,000	850,000
	2,850,780	2,952,242
Current portion	2,219,047	1,881,168
	631,733	1,071,074

Debentures principal repayments to be made during the following years are as follows:

	\$
2009	2,219,047
2010	560,546
2011	71,187
	<u>2,850,780</u>

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

14- SHARE CAPITAL

Authorized

Unlimited number of common shares without par value, voting, participating, dividend as declared by the Board of Directors.

Changes in the Company's common share capital were as follows:

	December 31, 2008		September 30, 2008	
	Number	Amount	Number	Amount
Shares issued		\$		\$
Balance, beginning of year	138,963,295	25,283,415	90,470,166	19,216,927
Paid in cash	-	-	2,474,676	274,081
Flow-through financing	10,488,570	639,683	45,320,440	5,674,853
Debt settlement	162,162	12,000	178,274	24,000
Brokers' fees	150,571	12,400	519,739	93,554
	<u>149,764,598</u>	<u>25,947,498</u>	<u>138,963,295</u>	<u>25,283,415</u>
Shares to be issued				
Flow-through shares	1,300,000	130,000	-	-
	<u>1,300,000</u>	<u>130,000</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>151,064,598</u>	<u>26,077,498</u>	<u>138,963,295</u>	<u>25,283,415</u>
Weighted average number of shares outstanding	<u>142,607,914</u>		<u>123,283,929</u>	

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

14- SHARE CAPITAL (continued)

Common share purchase options

The Company maintains a stock option plan (the "Plan") whereby the Board of Directors may from time to time grant to employees, officers, directors of, or consultants to the Company, options to acquire common shares in such numbers, for such terms and at such exercise prices as may be determined by the Board of Directors.

The Plan provides that the maximum number of common shares in the capital of the Company that may be reserved for issuance under the Plan shall be equal to 5,000,000 common shares and that the maximum number of common shares which may be reserved for issuance to any one optionee may not exceed 5% of the common shares outstanding at the time of vest. These options must be exercised no later than 5 years after the date of vest. The options currently granted are subject to a minimum of a sixth vesting period for which options will vest gradually, except those granted to consultants providing investor relations services for which options will vest over 12 months.

The option exercise price is established by the Board of Directors and may not be lower than the market price of the common shares at the time of grant.

A summary of changes in the Company's common share purchase options are as follows:

	December 31, 2008		September 30, 2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning of year	3,170,000	0.169	1,925,000	0.263
Granted	-	-	2,130,000	0.121
Expired	(260,000)	0.214	(885,000)	0.257
Balance, end of year	2,910,000	0.166	3,170,000	0.169
Options exercisable at the end	<u>1,796,666</u>		<u>1,685,833</u>	

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

14- SHARE CAPITAL (continued)

Options granted and exercisable as at December 31, 2008:

	Options granted	Options exercisable	Exercise price	Expiry date
	400,000	400,000	0.30 \$	June 2009
	100,000	100,000	0.30 \$	December 2009
	100,000	100,000	0.30 \$	January 2011
	300,000	300,000	0.21 \$	November 2011
	360,000	305,000	0.16 \$	October 2012
(a)	1,650,000	591,666	0.11 \$	August 2013
	<u>2,910,000</u>	<u>1,796,666</u>		

Accounting for compensation plans

The fair value of options was estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2008	September 30, 2008
Weighted average Risk-free interest rate	0.00%	3.61%
Weighted average Expected volatility	0.00%	89.82%
Weighted average Expected life	-	60 mois
Expected dividends	0.0%	0.0%
Fair value of options granted at market value	- \$	0.108 \$
Fair value of options granted at value greater than market value	(a) - \$	0.058 \$

Compensation cost for stock-based employee recognized in earning amounts to \$- (\$489,043 in 2008).

(a) 1,650,000 stock options have been granted at an exercise price of \$0.11 while the market value was \$0.09.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

14- SHARE CAPITAL (continued)

Warrants

Outstanding common share purchase warrants, entitling their holders to subscribe to an equivalent number of common shares, were as follows:

	December 31, 2008		
	Number of warrants	Weighted average exercise price	Fair value allocated
		\$	
Balance, beginning of year	57,764,916	0.294	3,056,799
Granted	9,433,570	0.110	281,044
Expired	(3,115,383)	(0.500)	(171,411)
Balance, end of year	64,083,103	0.257	3,166,432

	September 30, 2008		
	Number of warrants	Weighted average exercise price	Fair value allocated
		\$	
Balance, beginning of year	26,823,684	0.289	1,580,180
Granted	33,928,990	0.249	1,655,059
Expired	(2,987,758)	0.263	(178,440)
Balance, end of year	57,764,916	0.294	3,056,799

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

14- SHARE CAPITAL (continued)

Warrants outstanding as at December 31, 2008 are as follows:

Number	Exercise price	Expiry date
8,006,955	0.350 \$	February 2009
6,547,615	0.350 \$	June 2009
2,128,310	0.350 \$	June 2009
1,013,000	0.280 \$	June 2009
291,332	0.195 \$	August 2009
900,000	0.350 \$	September 2009
1,833,331	0.300 \$	September 2009
20,114,164	0.300 \$	October 2009
4,958,415	0.350 \$	October 2009
2,675,194	0.300 \$	November 2009
1,673,382	0.240 \$	February 2010
306,500	0.180 \$	March 2010
3,658,335	0.180 \$	May 2010
432,000	0.120 \$	August 2010
111,000	0.120 \$	September 2010
4,428,570	0.100 \$	October 2010
4,225,000	0.120 \$	December 2010
650,000	0.120 \$	January 2011
130,000	0.100 \$	January 2011
<u>64,083,103</u>		

The fair value of warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

	<u>December 31, 2008</u>	<u>September 30, 2008</u>
Weighted average Risk-free interest rate	1.69%	3.89%
Weighted average expected volatility	125.90%	93.65%
Weighted average expected life	24 months	24 months
Expected dividends	0.0%	0.0%

During the year, the Company issued 9,433,570 warrants. Each warrant entitles the holder to purchase one common share with expiry dates from October 2010 to January 2011 at a price between \$0.10 to \$0.12 per share.

The warrants were issued under private placements to common shareholders and to brokers. They have been accounted for at their value of \$276,317 and \$4,727 respectively in warrants under share holder's equity and share issuance charges.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

14- SHARE CAPITAL (continued)

Brokers' units options

During the period, the Company issued brokers' units options are as follows:

	December 31, 2008		
	Number of units options	Weighted average exercise price	Fair value allocated
		\$	\$
Balance, beginning of year	2,278,934	0.180	318,898
Granted	752,857	-	44,297
Balance, end of year	3,031,791	0.135	363,195

	September 30, 2008		
	Number of units options	Weighted average exercise price	Fair value allocated
		\$	\$
Balance, beginning of year	-	-	-
Granted	2,278,934	0.180	318,898
Balance, end of year	2,278,934	0.180	318,898

Each unit is comprised of one common share that will entitle to one warrant upon the exercise of the option on the common share.

Outstanding brokers' units options as at December 31, 2008:

Number	Exercise price	Expiry date
454,777	0.180 \$	October 2009
695,833	0.180 \$	October 2009
860,805	0.180 \$	October 2009
267,519	0.180 \$	October 2009
442,857	0.070 \$	December 2010
310,000	0.100 \$	December 2010
3,031,791		

The fair value of each option granted was estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2008	September 30, 2008
Weighted average Risk-free interest rate	1.76%	4.07%
Weighted average expected volatility	125.19%	92.92%
Weighted average expected life	24 months	24 months
Expected dividends	0.0%	0.0%

The fair value of each Brokers' units options granted have been accounted for at their value of \$44,297 under share issuance charges.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

15- CONTINGENCIES

The Company's operations are governed by governmental laws and regulations regarding environmental protection. The environmental consequences are hardly identifiable, whether it is the result level, the impact or its deadline. At the present time and to the best knowledge of its management, the Company is in conformity with the laws and regulations. A provision of \$18,500 for restoration of the premises is included in the accounts payable and accrued liabilities. It is possible that real account payable differ from this estimate.

During the year 2008, the Company received a lawsuit in debt settlement from a service supplier for the amount of \$313,916. Of that amount, \$282,421 is included in the accounts payable and accrued liabilities and the balance is contested by the Company. The legal proceedings are presently underway and the Company believes that the amount presently accounted for is sufficient in light of the exposed facts.

16- COMMITMENTS

- i) The Company has entered into long-term lease agreements until September 2011 for the hiring of spaces and the hiring of equipment. The balance of engagements according to these leases, is established to \$259,738. The minimum lease payments for the following years are as follows:

	\$
2009	157,123
2010	72,015
2011	30,600
	<hr/>
	259,738

- ii) The Company entered into an agreement with an private independent company to acquire the exclusive rights to operate the thermal fragmentation in the narrow vein. By this agreement, the company can use the exploitation method, develop it or transfer sub-licenses.

The Company is responsible for expenses for maintaining the registration of patents held by the private independent company.

In counterpart of the rights acquired by this agreement, the Company will pay a royalty calculated on the quarterly production and royalty payments at \$15,00 per ounce produced by way of thermal fragmentation.

The Company can terminate this agreement at any time without penalty or compensation, by giving the assignor a written notice of 90 days, by which the Company will be released of all it's obligations towards the assignor.

- iii) The Company is committed to spend exploration expenses amounting to \$3,386,674 relating to flow-through financing. These expenses have to be spent before December 31, 2009.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 (unaudited)

17- CASH FLOWS

Supplemental cash flows information:

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
	\$	\$
Non-cash investing and financing activities:		
Amortization included in the deferred exploration and development charges	175,108	79,308
Share issuance expense paid by the issuance of unit and warrants	88,665	120,477
Tax credit receivable deducted from exploration and development charges	72,193	599,631
Deferred exploration and development charges financed by accounts payable	833,343	807,534
Debt settlement paid by the issuance of share capital	12,000	-
Brokers' fees paid by the issuance of share capital	12,400	-
Accounts payable settlement paid by issuance of share capital	-	105,554
Warrants expired carried to contributed surplus	171,411	69,043