



Corporation minière  
**Rocmec**  
 Mining  
 inc.

**Rocmec Mining Inc.**  
 (Exploration Stage Company)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
 3-MONTH PERIOD ENDED DECEMBER 31, 2009 AND 2008

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, 2009	September 30, 2009
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Precious metals - realizable value	14,866	15,186
Investment in shares	13,750	11,250
Accounts receivable and other receivable	893,579	269,823
Sales taxes receivable	33,181	52,216
Tax credits receivable	808,095	808,095
Prepaid expenses	115,659	111,962
	<u>1,879,130</u>	<u>1,268,532</u>
<b>PROPERTY, PLANT AND EQUIPMENT (Note 8)</b>	2,908,777	2,765,547
<b>FUNDS HELD FOR EXPLORATION AND DEVELOPMENT CHARGES</b>	-	773,174
<b>MINING PROPERTIES (Note 9)</b>	2,528,417	888,417
<b>DEFERRED EXPLORATION AND DEVELOPMENT CHARGES (Note 10)</b>	18,135,729	17,398,214
<b>SECURITY DEPOSITS</b>	6,440	6,440
<b>THERMAL FRAGMENTATION - EXCLUSIVE LICENCE</b>	1,332,954	1,367,132
	<u>26,791,447</u>	<u>24,467,456</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Bank overdraft	169,148	-
Accounts payable and accrued liabilities	1,439,653	1,676,655
Loans (Note 11)	1,170,420	1,383,755
Mining property acquisition obligation	400,000	-
Current portion of long-term debt (Note 12)	981,810	1,501,409
Current portion of debentures (Notes 13 and 19)	1,606,250	1,723,822
	<u>5,767,281</u>	<u>6,285,641</u>
<b>LONG-TERM DEBT (Note 12)</b>	1,957,623	1,342,799
<b>DEBENTURES (Note 13)</b>	974,623	774,172
<b>FUTURE INCOME TAXES (note 18)</b>	2,116,314	2,087,778
	<u>10,815,841</u>	<u>10,490,390</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 14)	33,480,407	30,883,276
Contributed surplus	4,827,689	3,490,758
Warrants (Note 14)	1,779,016	3,012,971
Equity component of convertible debentures	480,881	493,975
Deficit	(24,592,387)	(23,903,914)
	<u>15,975,606</u>	<u>13,977,066</u>
	<u>26,791,447</u>	<u>24,467,456</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, 2009	3-month period ended December 31, 2008
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salaries and fringe benefits	96,340	129,405
Training	800	-
Stock-based compensation	9,320	-
Insurance	4,940	4,711
Bank charges	2,102	1,832
Trustee fees and registration	15,593	3,178
Management fees	1,500	1,500
Patents fees	5,727	6,973
Professional fees	103,631	49,117
Financial fees	104,475	71,343
Reporting to shareholders	5,438	1,984
Directors' fees	1,000	-
Rent	11,415	23,100
Stationary and office expenses	4,309	7,000
Telecommunications	2,811	7,125
Travelling and promotion	22,801	25,213
Improvement of the method	10,463	-
Interest on debentures and long-term debt and other interest (A)	253,510	311,025
Amortization of fixed assets	3,887	5,705
Amortization of thermal fragmentation - exclusive licence	34,178	-
Realizable value variation of precious metals	1,754	4,703
Fair value variation on investment in shares	(2,500)	-
Loss (gain) on exchange rate	-	733
Part XII.6 income taxes	4,783	8,982
Write-off of mining properties	-	20,180
	698,277	683,809
<b>CONTRACTS INCOME</b>		
	614,835	149,573
<b>DIRECT COST</b>		
Direct cost	509,626	131,884
Stock-based compensation	1,218	-
Interest - capital lease	6,316	2,006
Foreign exchange loss	4,773	-
Royalties	21,941	-
Amortization of equipment	12,171	-
	556,045	133,890
<b>LOSS BEFORE INCOME TAXES</b>		
	(639,487)	(668,126)
<b>INCOME TAXES</b>		
Future income taxes	(28,536)	(152,419)
<b>NET LOSS AND COMPREHENSIVE LOSS</b>		
	(668,023)	(820,545)
<b>NET LOSS PER SHARE</b>		
Basic	(0.003)	(0.007)
Diluted	(0.003)	(0.007)
Weighted average number of shares outstanding	220,876,998	123,283,929
<b>(A) INTEREST ON DEBENTURES AND LONG-TERM DEBT AND OTHER INTEREST</b>		
Interest on debentures and long-term debt	223,266	282,567
Other interest	30,244	28,458
<b>INTEREST ON DEBENTURES AND LONG-TERM DEBT AND OTHER INTEREST</b>		
	253,510	311,025

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

# Rocmec Mining Inc.

(Exploration Stage Company)

## CONSOLIDATED DEFICIT

(unaudited)

	\$	\$
	3-month period ended December 31, 2009	3-month period ended December 31, 2008
<b>DEFICIT AT BEGINNING OF YEAR</b>	(23,903,914)	(19,642,059)
<b>NET LOSS</b>	(668,023)	(820,545)
<b>SHARE ISSUANCE EXPENSES</b>		
Other share issuance expenses	(20,450)	(150,165)
	(20,450)	(150,165)
<b>DEFICIT AT END OF YEAR</b>	(24,592,387)	(20,612,769)

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

# Rocmec Mining Inc.

(Exploration Stage Company)

## CONSOLIDATED CONTRIBUTED SURPLUS

(unaudited)

	\$	\$
	December 31, 2009	September 30, 2009
<b>BALANCE, BEGINNING OF YEAR</b>	3,490,758	1,618,204
Equity component of convertible debentures reimbursed	13,094	280,969
Acquisition of rights to options	-	-
Options granted - Stock-based compensation (Note 14)	10,538	-
Brokers' units options granted (Note 14)	-	189,844
Warrants expired (Note 14)	1,321,481	1,401,741
Options exercised	(8,182)	-
<b>BALANCE, END OF YEAR</b>	<b>4,827,689</b>	<b>3,490,758</b>

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, 2009	3-month period ended December 31, 2008
<b>OPERATING ACTIVITIES</b>		
Net loss	(668,023)	(820,545)
<b>Operating items not involving cash</b>		
Non-cash interest expense capitalized on convertible debentures	12,566	73,538
Fair value variation on investment in shares	(2,500)	-
Amortization of property, plant and equipment	16,058	5,705
Amortization of thermal fragmentation - exclusive licence	34,178	-
Stock-based compensation	10,538	-
Write-off of mining properties	-	20,180
Future income taxes	28,536	152,419
Changes in working capital items	(356,772)	18,460
Cash flows from operating activities	(925,419)	(550,243)
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(13,537)	(95,254)
Acquisition of mining properties	(500,000)	(20,180)
Deferred exploration and development charges	(742,119)	(992,967)
Funds held for exploration and development charges	773,174	145,133
Acquisition of thermal fragmentation - exclusive licence	-	-
Cash flows from investing activities	(482,482)	(963,268)
<b>FINANCING ACTIVITIES</b>		
Loans	-	141,000
Loan reimbursement	(213,335)	(15,321)
Issuance of debenture	200,000	-
Debenture reimbursement	(129,687)	(175,000)
Issuance of long-term debt	-	600,000
Long-term debt reimbursement	(134,250)	5,574
Share issuance expenses	(20,450)	(49,100)
Issuance of shares	1,457,131	769,683
Issuance of warrants	79,344	236,675
Cash flows from financing activities	1,238,753	1,513,511
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(169,148)	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING AND END OF YEAR</b>	(169,148)	-
Interest paid	234,108	241,357

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, 2009 and 2008 (unaudited)

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### 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, 2009. 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, 2009 financial statements.

### 2- GOING CONCERN

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

Given that the Company has not yet found a mineral property containing mineral deposits that are economically recoverable, the Company has not generated any income or cash flows from its mining exploration operations. As at September 30 2009, the Company has a deficit and a working capital deficiency. The Company's current liquidity position is not sufficient to fund next year's administrative and exploration expenses. These conditions raise significant doubt regarding the Company's ability to continue as a going concern and the use of the going concern assumption.

The Company's ability to continue as a going concern is dependant upon its ability to raise additional financing to further explore its mineral properties and, even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future. Management is assessing its alternatives in terms of financing options to maintain its current liquidity and to meet its commitment including those related to flow-through financing.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the balance sheet classification have not been adjusted as would be required if the going concern assumption were not appropriate.

### 3- ACCOUNTING CHANGES

#### Going concern

In June 2007, The Canadian Institute of Chartered Accountants (CICA) 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 applied them on October 1, 2008 in accordance with its transitional provisions. 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, 2009 and 2008 (unaudited)

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### 3- ACCOUNTING CHANGES (continued)

#### Mining Explorations Costs

On March 27, 2009, the Emerging Issues Committee issued EIC-174, Mining exploration costs of the CICA handbook, to provide additional guidance for mining exploration enterprises the exploration expenses that can be capitalized as asset and on when an impairment test is required. This Abstract must be applied to financial statements issued after March 27, 2009. The adoption of this Abstract had no impact on the financial statements of the Company.

### 4- FUTURE ACCOUNTING CHANGES

#### Convergence with International Financial Reporting Standards

In February 2008, Canada's Accounting Standards Board (AcSB) confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRS"). The Company will adopt the IFRS for the interim financial statement that will end on December 31, 2011 and the Company is not able to assess the impact of the application of the IFRS will have on its financial statements.

### 5- SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

#### Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. Significant estimates include these related the estimated useful of property, plant and equipment, the recoverability of mineral properties and deferred exploration expenses and thermal fragmentation - exclusive licence, future income taxes and stock-based compensation. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

#### Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries; 9167-6718 Québec Inc. This subsidiary is presently inactive.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 5- SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Property, plant and equipment

Property, plant and equipment are accounted for at cost. Amortization is based on their estimated useful life less estimated residual value 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	lease term - 3 years
Telephone system	5 years

In previous years, property, plant and equipment were amortized using the diminishing balance method at annual rates of 20% for equipment and mill plant and 30% for computer equipment and automotive equipment. These changes were applied in order to record amortization in a systematical manner that is better suited to the nature of property, plant and equipment and their useful lives.

#### Funds held for exploration and development charges

Exploration funds consist of cash and represent the unexpended proceeds of flow-through financing agreement under which the Company has committed to spend the amounts on exploration.

#### Mining rights tax credit and tax credit for mining exploration companies

The Company is entitled to a refundable mining rights tax credit on mining exploration expenses incurred in Quebec. Furthermore, the Company is entitled to the refundable tax credit that may reach 38.75% for mining exploration companies on qualified expenditures incurred after March 29, 2001.

Those tax credits are recorded and accounted for against the costs incurred provided that the Company has reasonable assurance that these credits will be received.

#### Mining properties and deferred exploration and development charges

Mining properties, composed of mining exploration permits, claims and options to acquire undivided interests in properties are accounted for at their acquisition cost.

Costs related to the acquisition, exploration and development of mining properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized on the unit of production method. If it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the property, or the project is abandoned, the project is written down to its net realizable value.

Management assesses recoverability of amounts recorded for mining properties and deferred exploration expenses by considering whether results from exploration work justify further investment, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the development and future profitable production or the disposal of the properties for proceeds in excess of their carrying value.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 5- SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Thermal fragmentation - Exclusive licence

The thermal fragmentation exclusive license is accounted for at cost and amortization will be based on its estimated useful life using the straight-line method over 10 years beginning with the first of the following: Beginning of the commercial production using the thermal fragmentation or the sale of the first sub license of thermal fragmentation.

#### Impairment of long-lived assets

Property, plant and equipment and the exclusive license thermal fragmentation subject to amortization are tested for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is non-recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

#### Foreign currency translation

Transactions pertaining to the statement of earnings are translated at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities resulting from these transactions are translated at the rate of exchange in effect at the balance sheet date. Non monetary assets are translated at the exchange rate in effect at the transaction date. Exchange gains or losses are included in earnings of the year.

#### Share capital

Capital stock issued for non-monetary consideration is generally recorded at the quoted market price of the shares at the date of agreement. The resource expenditure deductions for income tax purposes related to exploration and development activities funded by the proceeds of the flow-through share arrangements are renounced to investors in accordance with tax legislation. Under the liability method of accounting of income taxes, the future income taxes related to temporary differences arising at the renunciation are recorded at that time together with a corresponding charge in the share issue expense.

#### Fair value of the warrants

Proceeds from unit placements are allocated between shares and warrants issued using the Black-Scholes pricing model to determine the fair value of warrants issued.

#### Basic and diluted net loss per share

Net loss per share is calculated using the weighted average number of outstanding shares during the year. The diluted net loss per share is equal to the basic net loss per share due to the anti-dilutive effect of convertible debenture, stock options, warrants and borkers' units options described in note 14.

#### Revenue recognition

The Company recognizes revenue from metals when they have been delivered and title has passed to a purchaser. Up until beginning of commercial production, revenue are accounted for in decrease of deferred explorations and development charges.

The Company recognizes revenue form contract income under the percentage of completion method. Under this method, contract income and profit are recognized proportionately with the degree of completion. The degree of completion is determined based on the number of linear feet completed. Losses on contract are recognized when total cost estimates indicate a loss.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 5- SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Stock-option plan

The Company uses the fair value method based on the Black-Scholes pricing model to record the compensation cost related to the issue of stock options to its employees, directors, officers and consultant to earnings or deferred exploration expenses over the vesting period with a corresponding credit to contributed surplus. The expense is recorded over the vesting period for employees and the performance period for consultants. Any consideration received when options are exercised is credited to capital stock together with the related compensation cost recorded previously as contributed surplus.

#### Share issue expenses

Share issue expenses are recognized in the statement of deficit.

#### Income taxes

Future income taxes are a result of the future tax consequences attributable to differences between the financial statements carrying amounts for existing assets and liabilities and their respective tax bases. Future tax assets are accounted for only if the management believes that it will be more likely than not that future tax assets will be recoverable. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the fiscal years in which those temporary differences are expected to be recovered or settled.

#### Financial instruments - Recognition and measurement

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other liabilities.

Financial assets and liabilities classified as held-for-trading are required to be measured at fair value, with gains and losses recognized in net earnings.

Financial assets classified as held-to-maturity, loans and receivables and other financial liabilities (other than those held-for-trading) are required to be measured at amortized cost using the effective interest method.

Available-for-sale financial assets are required to be measured at fair value, with unrealized gains and losses recognized in Other Comprehensive Income (loss). Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market should be measured at cost.

Transaction costs are recognized in earnings as they are incurred.

Embedded derivatives that are not closely related to the host contract must be separated and classified as held-for-trading financial instruments. They are therefore measured at fair value and changes in fair value are recognized in earnings and the transaction costs related to these embedded derivatives are recognized in earnings as administrative expenses. As at September 30, 2009 and 2008, the Company has no financial instruments including an embedded derivative that should be separated from the host contract.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 5- SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments - Recognition and measurement (continued)

The Company has adopted the following classification:

Cash and cash equivalents, investment in shares and funds held for exploration and development charges are classified as "Financial Assets Held for Trading".

Investment in shares is classified under level I that is valuation based on active market price in determining fair value.

Trade accounts receivable and other receivable are classified as "loans and receivables".

Accounts payables and accrued liabilities, loans, long-term debt and debentures are classified as "Other Financial Liabilities".

### 6- CAPITAL MANAGEMENT

In terms of capital management, the objectives of the Company are to preserve its ability to continue its mining exploration and development of 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 \$47,658,719 (\$44,606,937 - September 30, 2009).

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, 2009. 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 for which the Company is in compliance during the year.

### 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.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 7- FINANCIAL INSTRUMENTS (continued)

#### 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 and funds held for exploration and development charges are 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. The maximum risk is equivalent to the carrying value.

The Company is also subject to concentration of credit risk through its accounts receivable that amounts to \$260,823 which are entirely receivable from one customer for which management believes that the risk of loss is minimal.

#### 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 (see Note 19). 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.

#### 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.

#### Exchange risk

The Company is exposed to exchange risk as a result of its contract income in foreign currency. As at December 31, 2009, accounts receivable amounts to US\$ 487,302 (CAD\$ 512,154).

# Rocmec Mining Inc.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 7- FINANCIAL INSTRUMENTS (continued)

#### Fair value

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

The fair value of investment in shares is measured based on the closing price.

### 8- PROPERTY, PLANT AND EQUIPMENT

	December 31, 2009			September 30, 2009		
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value
	\$	\$	\$	\$	\$	\$
Equipment	1,036,848	422,993	613,855	1,028,847	388,475	640,372
Mill plant	1,742,285	138,552	1,603,733	1,742,285	99,995	1,642,290
Computer equipment	34,359	24,758	9,601	31,323	23,134	8,189
Automotive equipment	231,312	178,030	53,282	231,312	170,354	60,958
Leasehold improvements	31,923	7,460	24,463	29,423	4,904	24,519
Telephone system	4,201	630	3,571	4,201	420	3,781
	<u>3,080,928</u>	<u>772,423</u>	<u>2,308,505</u>	<u>3,067,391</u>	<u>687,282</u>	<u>2,380,109</u>

#### Capital lease

Equipment	660,656	60,384	600,272	431,181	45,743	385,438
	<u>3,741,584</u>	<u>832,807</u>	<u>2,908,777</u>	<u>3,498,572</u>	<u>733,025</u>	<u>2,765,547</u>

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 9- MINING PROPERTIES

	Balance as at September 30, 2009	Addition (Decrease)	Write-off	Balance as at December 31, 2009
	\$	\$	\$	\$
Rocmec 1 (Quebec, Canada) (d)	888,417	1,640,000	-	2,528,417
	888,417	1,640,000	-	2,528,417

  

	Balance as at September 30, 2008	Addition (Decrease)	Write-off	Balance as at September 30, 2009
	\$	\$	\$	\$
Montauban (Quebec, Canada) (a)	-	425	(425)	-
Denain (Quebec, Canada) (b)	-	275	(275)	-
Vauquelin (Quebec, Canada) (e)	-	(10,000)	10,000	-
Rocmec 1 (Quebec, Canada) (d)	888,142	275	-	888,417
Puma (Arequipa, Peru)	-	20,180	(20,180)	-
	888,142	11,155	(10,880)	888,417

**a) Montauban project - Montauban and Grondines township, Québec**

A 100% interest in 10 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 additional ounces.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 10- DEFERRED EXPLORATION AND DEVELOPMENT CHARGES

	Balance as at September 30, 2009	Deferred exploration and development charges	Write-off	Tax credit	Balance as at December 31, 2009
	\$	\$	\$	\$	\$
Rocmec 1 (Quebec, Canada)	17,398,214	737,515	-	-	18,135,729
	17,398,214	737,515	-	-	18,135,729

	Balance as at September 30, 2008	Deferred exploration and development charges	Write-off	Tax credit	Balance as at September 30, 2009
	\$	\$	\$	\$	\$
Rocmec 1 (Quebec, Canada)	13,274,792	4,195,615	-	(72,193)	17,398,214
	13,274,792	4,195,615	-	(72,193)	17,398,214

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 10- DEFERRED EXPLORATION AND DEVELOPMENT CHARGES (continued)

Deferred exploration and development expenses capitalized during the year are as follows:

	<u>December 31, 2009</u>	<u>September 30, 2009</u>
	\$	\$
Diamond drilling	165,368	73,125
Thermal fragmentation	5,037	105,731
Underground development	4,933	692,596
Supervision	37,333	211,209
Maintenance	97,660	709,295
Surface	53,250	413,241
Technical services	363,095	461,500
Other exploration expenses	36,731	292,374
Milling	38,722	481,218
Royalty	13,071	3,243
Equipment rental	13,932	322,403
Precious metals sales	(175,341)	(20,573)
Amortization of fixed assets	83,724	450,253
	<u>737,515</u>	<u>4,195,615</u>

### 11- LOANS

	<u>December 31, 2009</u>	<u>September 30, 2009</u>
Loans, bearing 15% (2008 - 12% and 15%) interest, secured by tax credit receivable having a net book value of \$808,095, maturing between December 2009 and December 2010.	658,000	658,000
Loans, bearing 15% and 18% interest, maturing between December 2010 and December 2011.	68,000	184,000
Loans, bearing interest at an annual rate of 18%, maturing December 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.	400,000	500,000
Loans reimbursable in gold payable at demand.	44,420	41,755
	<u>1,170,420</u>	<u>1,383,755</u>

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 12- LONG-TERM DEBT

	<u>December 31, 2009</u>	<u>September 30, 2009</u>
	\$	\$
Obligations under capital lease secured by the equipment of a net book value of \$600,272, repayable by monthly installments varying from \$4,000 to \$10,502 including interest calculated at rates varying from 8.75% to 10.00% (8.75% to 18.00% in September 2009), maturing between December 2009 and September 2011.	421,322	311,234
Loans secured by automotive equipment of a net book value of \$58,340 repayable by monthly installments of \$2,379 including principal and interest calculated at rates varying from 0.00% to 1.95% (0.00% to 1.95% in September 2009), maturing between August 2011 and October 2013.	63,710	70,781
Loans secured by loader of a net book value of \$113,125 repayable by monthly installments of \$2,835 including principal and interest calculated at rate of 4.8%, maturing in August 2011.	54,401	62,193
Loan secured by a modular plant of a net book value of \$1,603,733, repayable 1 installment of \$300,000 on February 2010 and by quarterly installments of \$61,688 commencing on March 2010, including principal and interest at a rate of 18.00%, maturing in February 2014.	2,400,000	2,400,000
	<u>2,939,433</u>	<u>2,844,208</u>
Current portion	981,810	1,501,409
	<u>1,957,623</u>	<u>1,342,799</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>
	\$	\$
2010	683,580	329,760
2011	500,677	127,402
2012	553,799	-
2013	659,401	-
2014	120,654	-
	<u>2,518,111</u>	<u>457,162</u>
Total minimum lease payments	2,518,111	457,162
Amounts included in minimum lease payments		
Interest expense		<u>35,840</u>
		<u>421,322</u>

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 13- DEBENTURES

December 31, 2009 September 30, 2009

\$

\$

Liability component of convertible debentures

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 January 2010 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.

*The Company has agreed to new terms of repayment; these new terms of reimbursement allows the Company to postpone capital repayment until December 31, 2011; commencing on January 1, 2010 the annual interest rate for each debenture will be 13.5%; the conversion price will be reduced to \$0.13 per share and the Company will issue 4,000,000 warrants which can be exercised until July 1, 2011. Each share purchase warrant entitles its holder to purchase one common share at a price of \$0.16.*

774,623

762,057

Convertible totalling \$487,500 (\$885,937 on September 30, 2009) debentures bearing interest rate of 12%, 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 January 2010 and 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.

756,250

885,937

Debentures totalling \$200,000 bearing interest rate of 12% repayable quarterly, plus royalty of 1 ounce per 1,000 ounces produced at Rocmec 1, maturing December 2012.

200,000

-

Balance to carry-forward

1,730,873

1,647,994

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 13- DEBENTURES (continued)

	<u>December 31, 2009</u>	<u>September 30, 2009</u>
	\$	\$
Carry-forward balance	1,730,873	1,647,994
<u>Others debentures</u>		
Debentures, totalling \$450,000, 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 in December 2010.	450,000	450,000
Debentures, totalling \$400,000, 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. The Company has reached an agreement with lenders allowing a reimbursement at demand. (1)	400,000	400,000
	2,580,873	2,497,994
Current portion	1,606,250	1,723,822
	974,623	774,172

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

	\$
2010	1,606,250
2011	800,000
2012	200,000
	<u>2,606,250</u>

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 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, 2009		September 30, 2009	
	Number	Amount	Number	Amount
<b>Shares issued</b>		\$		\$
<b>Balance, beginning of year</b>	206,917,391	29,846,643	138,963,295	25,283,415
Paid in cash	-	-	16,808,599	822,683
Flow-through financing	28,415,202	2,462,764	47,548,320	3,479,095
Mining properties	12,000,000	1,140,000	-	-
Exercise of warrants	442,857	31,000	-	-
Debt settlement	-	-	3,106,606	224,000
Brokers' fees	-	-	490,571	37,450
	<u>247,775,450</u>	<u>33,480,407</u>	<u>206,917,391</u>	<u>29,846,643</u>
<b>Shares to be issued</b>				
Flow-through shares	-	-	13,835,443	1,036,633
	-	-	13,835,443	1,036,633
<b>Balance, end of year</b>	<u>247,775,450</u>	<u>33,480,407</u>	<u>220,752,834</u>	<u>30,883,276</u>
Weighted average number of shares outstanding	<u>220,876,998</u>		<u>170,532,505</u>	

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 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, 2009		September 30, 2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
<b>Balance, beginning of year</b>	2,360,000	0.146	3,170,000	0.169
Granted	1,630,000	0.095	-	-
Expired	(100,000)	1.921	(810,000)	0.237
<b>Balance, end of year</b>	<b>3,890,000</b>	<b>0.079</b>	<b>2,360,000</b>	<b>0.146</b>
Options exercisable at the end	<u>2,548,333</u>		<u>2,151,665</u>	

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 14- SHARE CAPITAL (continued)

#### Options granted and exercisable as at December 31, 2009:

	Options granted	Options exercisable	Exercise price	Expiry date
	100,000	100,000	0.300 \$	January 2011
	300,000	300,000	0.210 \$	November 2011
	360,000	360,000	0.160 \$	October 2012
(a)	1,500,000	1,500,000	0.110 \$	August 2013
	1,630,000	288,333	0.095 \$	November 2014
	<u>3,890,000</u>	<u>2,548,333</u>		

#### Accounting for compensation plans

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

	<u>December 31, 2009</u>	<u>September 30, 2009</u>
Weighted average Risk-free interest rate	1.28%	-
Weighted average Expected volatility	112.13%	-
Weighted average Expected life	60 months	-
Expected dividends	0.0%	-
Weighted average fair value of options granted at market value	0.037 \$	-
Weighted average fair value of options granted at value greater than market value	-	-

The Company did not grant stock options during the year 2009.

(a) Stock options 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, 2009 and 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, 2009		
	Number of warrants	Weighted average exercise price	Fair value allocated
		\$	
<b>Balance, beginning of year</b>	86,433,756	0.175	3,012,971
Granted	2,942,023	0.032	87,526
Expired	(27,747,773)	(0.316)	(1,321,481)
<b>Balance, end of year</b>	<b>61,628,006</b>	<b>0.105</b>	<b>1,779,016</b>

	September 30, 2009		
	Number of warrants	Weighted average exercise price	Fair value allocated
		\$	
<b>Balance, beginning of year</b>	57,764,916	0.294	3,056,799
Granted	52,504,766	0.108	1,357,913
Expired	(23,835,926)	(0.316)	(1,401,741)
<b>Balance, end of year</b>	<b>86,433,756</b>	<b>0.175</b>	<b>3,012,971</b>

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 14- SHARE CAPITAL (continued)

Warrants outstanding as at December 31, 2009 are as follows:

Number	Exercise price	Expiry date
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
450,000	0.100 \$	September 2010
4,871,427	0.100 \$	October 2010
4,225,000	0.120 \$	December 2010
2,400,000	0.120 \$	January 2011
130,000	0.100 \$	January 2011
7,340,000	0.120 \$	February 2011
505,000	0.120 \$	April 2011
3,125,000	0.100 \$	April 2011
9,872,957	0.100 \$	May 2011
2,637,500	0.100 \$	June 2011
10,473,017	0.100 \$	July 2011
6,917,722	0.100 \$	October 2011
2,499,166	0.150 \$	December 2011
<u>61,628,006</u>		

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

	December 31, 2009	September 30, 2009
Weighted average Risk-free interest rate	1.27%	3.89%
Weighted average expected volatility	135.75%	93.65%
Weighted average expected life	23.9 months	24 months
Expected dividends	0.0%	0.0%

During the year, the Company issued 52,504,766 warrants. Each warrant entitles the holder to purchase one common share with expiry dates from September 2010 to October 2011 at a price between \$0.10 to \$0.12 per share.

The warrants were issued under private placements to common shareholders, to brokers and debentures holders. They have been accounted for at their value of \$1,304,461, \$34,001 and \$19,451 respectively in warrants under share holder's equity, share issuance charges and financing fees.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

### 14- SHARE CAPITAL (continued)

#### Brokers' units options

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

	December 31, 2009		
	Number of units options	Weighted average exercise price	Fair value allocated
		\$	\$
<b>Balance, beginning of year</b>	6,247,199	0.114	508,742
Exercised	(442,857)	(0.070)	(31,000)
Expired	(2,278,934)	(0.180)	(318,898)
<b>Balance, end of year</b>	3,525,408	0.076	158,844

  

	September 30, 2009		
	Number of units options	Weighted average exercise price	Fair value allocated
		\$	\$
<b>Balance, beginning of year</b>	2,278,934	0.180	318,898
Granted	3,968,265	0.075	189,844
<b>Balance, end of year</b>	6,247,199	0.114	508,742

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

Outstanding brokers' units options as at December 31, 2009:

Number	Exercise price	Expiry date
310,000	0.100 \$	December 2010
625,000	0.080 \$	April 2011
1,198,445	0.070 \$	May 2011
30,000	0.070 \$	June 2011
427,500	0.080 \$	June 2011
750,713	0.070 \$	July 2011
183,750	0.080 \$	July 2011
<b>3,525,408</b>		

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

	December 31, 2009	September 30, 2009
Weighted average Risk-free interest rate	1.21%	4.07%
Weighted average expected volatility	136.15%	92.92%
Weighted average expected life	24 months	24 months
Expected dividends	0.0%	0.0%

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 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. In 2009 and 2008, 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.

### 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 \$106,517. The minimum lease payments for the following years are as follows:

	\$
2010	75,917
2011	30,600
	<hr/>
	106,517
	<hr/>

- 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 or 30% of all economic benefits.

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.

At its annual general and special shareholder meeting that was held on October 29, 2009, the Company obtained the shareholders approval pertaining to the proposed share acquisition of Rocmec International Inc. The Company will issue 85,000,000 common shares of its share capital in consideration of all the issued and outstanding shares of Rocmec International inc. at a deemed price of \$0.0712 for a total consideration of \$6,052,000 payable in common shares of the Company. The common shares will be issued to the shareholders of Rocmec International inc. subject to the satisfaction, over a period of 24 months following the signature of the share purchase agreement, of the following conditions:

- 1) Rocmec must have at least three thermal fragmentation units in operation with clients;
  - 2) Gross margins from service agreements must represent an average of at least \$225,000 per month over a period of 3 consecutive months.
- iii) The Company is committed to spend exploration expenses amounting to \$5,885,467 relating to flow-through financing. These expenses have to be spent before December 31, 2010.

# Rocmec Mining Inc.

(Exploration Stage Company)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2009 and 2008 (unaudited)

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### 17- CASH FLOWS

#### Supplemental cash flows information:

	<u>December 31, 2009</u>	<u>December 31, 2008</u>
	\$	\$
Non-cash investing and financing activities:		
Asset under capital lease	229,475	-
Acquisition of mining properties financed by share capital	1,140,000	-
Amortization included in the deferred exploration and development charges	83,724	450,253
Share issuance expense paid by the issuance of unit and warrants	-	88,665
Tax credit receivable deducted from exploration and development charges	-	72,193
Deferred exploration and development charges financed by accounts payable	765,999	833,343
Debenture and interest paid by the issuance of share capital	-	12,000
Brokers' fees paid by the issuance of share capital	-	(12,400)
Warrants expired carried to contributed surplus	1,321,481	171,411
Options exercised carried to share capital	(8,182)	-