



Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED SEPTEMBER 30, 2009 AND 2008

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Auditors' Report

To the shareholders of
Rocmec Mining Inc.

Raymond Chabot Grant Thornton LLP

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We have audited the consolidated balance sheets of Rocmec Mining Inc. as at September 30, 2009 and 2008 and the consolidated statements of earnings and comprehensive loss, deficit, contributed surplus and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP ¹

Val-d'Or, November 6, 2009 (except as to Note 19, which is as of December 30, 2009)

¹ Chartered accountant auditor permit no. 13953

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED BALANCE SHEETS

	\$	\$
	September 30, 2009	September 30, 2008
ASSETS		
CURRENT ASSETS		
Precious metals - realizable value	15,186	20,853
Investment in shares	11,250	-
Accounts receivable and other receivable	260,823	91,366
Sales taxes receivable	52,216	81,450
Tax credits receivable	808,095	1,317,714
Prepaid expenses	111,962	50,215
	<u>1,259,532</u>	<u>1,561,598</u>
PROPERTY, PLANT AND EQUIPMENT (Note 8)	2,765,547	2,708,348
FUNDS HELD FOR EXPLORATION AND DEVELOPMENT CHARGES	782,174	234,232
MINING PROPERTIES (Note 9)	888,417	888,142
DEFERRED EXPLORATION AND DEVELOPMENT CHARGES (Note 10)	17,398,214	13,274,792
SECURITY DEPOSITS	6,440	6,440
THERMAL FRAGMENTATION - EXCLUSIVE LICENCE	1,367,132	1,367,132
	<u>24,467,456</u>	<u>20,040,684</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,676,655	1,286,706
Loans (Note 11)	1,383,755	1,347,810
Current portion of long-term debt (Note 12)	1,501,409	301,285
Current portion of debentures (Notes 13 and 19)	1,723,822	1,881,168
	<u>6,285,641</u>	<u>4,816,969</u>
LONG-TERM DEBT (Note 12)	1,342,799	1,468,363
DEBENTURES (Note 13)	774,172	1,071,074
FUTURE INCOME TAXES (note 18)	2,087,778	1,592,975
	<u>10,490,390</u>	<u>8,949,381</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 14)	30,883,276	25,283,415
Contributed surplus	3,490,758	1,618,204
Warrants (Note 14)	3,012,971	3,056,799
Equity component of convertible debentures	493,975	774,944
Deficit	(23,903,914)	(19,642,059)
	<u>13,977,066</u>	<u>11,091,303</u>
	<u>24,467,456</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

	\$	\$
	Year ended September 30, 2009	Year ended September 30, 2008
GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries and fringe benefits	486,097	472,207
Training	1,695	999
Stock-based compensation	-	148,043
Insurance	19,201	19,542
Bank charges	8,023	6,511
Trustee fees and registration	21,675	42,110
Management fees	6,000	6,000
Patents fees	15,248	-
Professional fees	286,416	330,433
Financial fees	254,332	161,224
Reporting to shareholders	15,537	14,865
Directors' fees	600	1,800
Rent	79,405	49,750
Stationary and office expenses	26,155	13,860
Telecommunications	17,843	14,074
Travelling and promotion	73,632	127,177
Interest on debentures and long-term debt and other interest (A)	1,164,396	892,232
Amortization of fixed assets	13,803	7,663
Loss (gain) on disposal of equipment, plant and equipment	423,307	(172,835)
Realizable value variation of precious metals	5,735	19,875
Fair value variation on investment in shares	(1,250)	-
Part XII.6 income taxes	45,271	77,979
Write-off of mining properties	10,880	1,260,593
Write-off of deferred exploration and development charges	-	1,950,695
	<u>2,974,001</u>	<u>5,444,797</u>
CONTRACTS INCOME	1,002,512	-
DIRECT COST		
Direct cost	872,930	-
Interest - capital lease	7,716	-
Foreign exchange loss	13,228	-
Amortization of equipment	24,458	-
	<u>918,332</u>	<u>-</u>
LOSS BEFORE INCOME TAXES	(2,889,821)	(5,444,797)
INCOME TAXES		
Future income taxes	398,241	1,354,308
NET LOSS AND COMPREHENSIVE LOSS	(2,491,580)	(4,090,489)
NET LOSS PER SHARE		
Basic	(0.015)	(0.033)
Diluted	(0.015)	(0.033)
Weighted average number of shares outstanding	170,532,505	123,283,929
(A) INTEREST ON DEBENTURES AND LONG-TERM DEBT AND OTHER INTEREST		
Interest on debentures and long-term debt	1,036,876	808,456
Other interest	127,520	83,776
INTEREST ON DEBENTURES AND LONG-TERM DEBT AND OTHER INTEREST	<u>1,164,396</u>	<u>892,232</u>

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

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED DEFICIT

	\$	\$
	Year ended September 30, 2009	Year ended September 30, 2008
DEFICIT AT BEGINNING OF YEAR	(19,642,059)	(12,608,748)
NET LOSS	(2,491,580)	(4,090,489)
SHARE ISSUANCE EXPENSES		
Future income taxes related to flow-through shares	(893,044)	(1,627,551)
Other share issuance expenses	(877,231)	(1,315,271)
	(1,770,275)	(2,942,822)
DEFICIT AT END OF YEAR	(23,903,914)	(19,642,059)

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

Rocmec Mining Inc.

(Exploration Stage Company)

CONSOLIDATED CONTRIBUTED SURPLUS

	\$	\$
	September 30, 2009	September 30, 2008
BALANCE, BEGINNING OF YEAR	1,618,204	972,823
Equity component of convertible debentures reimbursed	280,969	-
Options granted - Stock-based compensation (Note 14)	-	148,043
Brokers' units options granted (Note 14)	189,844	318,898
Warrants expired (Note 14)	1,401,741	178,440
BALANCE, END OF YEAR	3,490,758	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

	\$	\$
	Year ended September 30, 2009	Year ended September 30, 2008
OPERATING ACTIVITIES		
Net loss	(2,491,580)	(4,090,489)
Operating items not involving cash		
Non-cash interest expense capitalized on convertible debentures	159,815	285,148
Fair value variation on investment in shares	(1,250)	-
Amortization of property, plant and equipment	38,261	7,663
Loss (gain) on disposal of property, plant and equipment	423,307	(172,835)
Stock-based compensation	-	148,043
Write-off of mining properties	10,880	1,260,593
Write-off of deferred exploration and development charges	-	1,950,695
Future income taxes	(398,241)	(1,354,308)
Changes in working capital items	13,073	298,778
Cash flows from operating activities	(2,245,735)	(1,666,712)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(537,839)	(1,578,763)
Disposal of fixed assets	-	328,300
Acquisition of mining properties	(21,155)	(310,367)
Tax credits received	581,812	2,191,053
Deferred exploration and development charges	(3,550,099)	(6,169,132)
Funds held for exploration and development charges	(547,942)	(133,577)
Acquisition of thermal fragmentation - exclusive licence	-	(18,786)
Cash flows from investing activities	(4,075,223)	(5,691,272)
FINANCING ACTIVITIES		
Loans	621,500	1,285,500
Loan reimbursement	(576,244)	(1,577,777)
Debenture reimbursement	(414,063)	(400,000)
Issuance of long-term debt	937,706	1,500,000
Long-term debt reimbursement	(294,327)	(150,912)
Share issuance expenses	(615,936)	(858,451)
Issuance of shares	5,338,411	5,948,934
Issuance of warrants	1,323,911	1,610,690
Cash flows from financing activities	6,320,958	7,357,984
CASH AND CASH EQUIVALENTS AT BEGINNING AND END OF YEAR		
	-	-
Interest paid	1,010,881	700,783

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

September 30, 2009 and 2008

1- STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Rocmec Mining Inc. (the "Company"), incorporated under Part 1A of the Companies Act (Québec), is primarily an exploration Company with activities in Canada.

The exploration and development of mineral deposits involve significant financial risks. The success of the Company will be influenced by a number of factors including financing, exploration and extraction risks and environmental and other regulations.

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 and during the period from October 1, 2009 to December 30, 2009, the Company raised additional flow-through financing, issued a new debenture and renegotiated terms of debentures maturing after September 30, 2009 (see note 19) 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.

Goodwill and Other Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants published new Section 3064, "Goodwill and Intangible Assets" of the CICA, 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".

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

3- ACCOUNTING CHANGES (continued)

Goodwill and Other Intangible Assets (continued)

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 has implemented it as of that date in accordance with its transitional provisions. The implementation of this standard has no impact on the Company's financial results.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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. These changes were applied retroactively and had effect to decrease the amortization expense by \$2,964 in the statement of earnings, increase deferred exploration and development expenses by \$82,311, decrease property, plant and equipment by \$79,347 and decrease shareholders' equity by \$2,964 in 2009 and had no significant effect on the net loss per share.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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 \$44,606,937 (\$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 September 30, 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.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

7- FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

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.

During the period from October 1, 2009 to December 30, 2009, the Company raised a total of \$ 1,505,475 in flow-through financing and debentures for a total of \$200,000 and renegotiated terms of debenture to maintain its current liquidity (see Note 19). These additional financing as of September 30, 2009 will allow the Company to meet its financial obligations and maintain its exploration program on its Rocmec 1 property; however non flow-through financing is required to fund its operating expenses for the next year. The Company is also committed to spend in flow-through expenditures by December 31, 2009 and 2010, as disclosed in Note 16.

The following tableau summarizes the Company's financial liabilities as at September 30, 2009:

	Less than one year (Note19)	Between one and two years	More than two years
	\$	\$	\$
Accounts payable and accrued liabilities	1,676,655	-	-
Loans	1,383,755	-	-
Long-term debt	1,501,409	1,334,629	8,170
Debentures	1,742,187	793,750	-
	<u>6,304,006</u>	<u>2,128,379</u>	<u>8,170</u>

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.

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7- FINANCIAL INSTRUMENTS (continued)

Exchange risk

The Company is exposed to exchange risk as a result of its contract income in foreign currency. As at September 30, 2009, accounts receivable amounts to US\$ 243,600 (CAD\$ 260,823). A 10% change of U.S. currency would have had an approximate amount of \$26,000 on net loss and accounts receivable.

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

	September 30, 2009			September 30, 2008		
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value
	\$	\$	\$	\$	\$	\$
Equipment	1,028,847	388,475	640,372	1,623,830	659,620	964,210
Mill plant (1)	1,742,285	99,995	1,642,290	1,740,540	191,004	1,549,536
Computer equipment	31,323	23,134	8,189	31,513	17,422	14,091
Automotive equipment	231,312	170,354	60,958	193,608	113,029	80,579
Leasehold improvements	29,423	4,904	24,519	-	-	-
Telephone system	4,201	420	3,781	-	-	-
	<u>3,067,391</u>	<u>687,282</u>	<u>2,380,109</u>	<u>3,589,491</u>	<u>981,075</u>	<u>2,608,416</u>
Capital lease						
Equipment	431,181	45,743	385,438	101,850	1,918	99,932
	<u>3,498,572</u>	<u>733,025</u>	<u>2,765,547</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 \$1,387,667 as at September 30, 2008.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

9- MINING PROPERTIES

	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

	Balance as at September 30, 2007	Addition (Decrease)	Write-off	Balance as at September 30, 2008
	\$	\$	\$	\$
Montauban (Quebec, Canada) (a)	807,658	(25,000)	(782,658)	-
Denain (Quebec, Canada) (b)	142,568	300	(142,868)	-
Courville-Maruska (Quebec, Canada) (c)	-	750	(750)	-
Vauquelin (Quebec, Canada) (e)	-	50	(50)	-
Rocmec 1 (Quebec, Canada) (d)	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.

e) Vauquelin project, Québec

During the year, the Company disposed of 2 mining claims in consideration of 250,000 shares for an amount of \$10,000.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

10- DEFERRED EXPLORATION AND DEVELOPMENT CHARGES

	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

	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
	10,919,604	5,174,611	(1,950,695)	(868,728)	13,274,792

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

10- DEFERRED EXPLORATION AND DEVELOPMENT CHARGES (continued)

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

	<u>2009</u>	<u>2008</u>
	\$	\$
Diamond drilling	73,125	237,022
Thermal fragmentation	105,731	315,722
Underground development	692,596	830,428
Supervision	211,209	398,290
Maintenance	709,295	1,610,838
Surface	413,241	433,491
Technical services	461,500	138,884
Other exploration expenses	292,374	288,680
Milling	481,218	15,468
Royalty	3,243	55,644
Equipment rental	322,403	566,130
Precious metals sales	(20,573)	(22,873)
Amortization of fixed assets	450,253	306,887
	<u>4,195,615</u>	<u>5,174,611</u>

11- LOANS

September 30, 2009 September 30, 2008

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.

658,000 730,500

Loans, bearing 15% and 18% interest, maturing between October 2009 and December 2010.

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 processed 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, reimbursed in 2009.

- 55,000

Loans reimbursable in gold payable at demand.

41,755 62,310

1,383,755 1,347,810

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

12- LONG-TERM DEBT

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	\$	\$
Obligations under capital lease secured by the equipment of a net book value of \$385,438, repayable by monthly installments varying from \$4,000 to \$16,000 including interest calculated at rates varying from 8.75% to 18.00% (8.75% to 14.02% in 2008), maturing between December 2009 and March 2011.	311,234	96,416
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% (0.06% to 3.90% in 2008), maturing between August 2011 and October 2013.	70,781	65,131
Loans secured by loader of a net book value of \$115,650 repayable by monthly installments of \$2,835 including principal and interest calculated at rate of 4.8% (4.8% to 7% in 2008), maturing in August 2011.	62,193	108,101
Loan secured by a modular plant of a net book value of \$1,642,290, repayable by quarterly installments of \$300,000 commencing on December 2009, plus interest at a rate of 1.5% per month, maturing in September 2011.	2,400,000	1,500,000
	<u>2,844,208</u>	<u>1,769,648</u>
Current portion	1,501,409	301,285
	<u>1,342,799</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>
	\$	\$
2010	1,260,073	260,336
2011	1,257,190	71,818
2012	7,541	-
2013	7,541	-
2014	629	-
	<u>2,532,974</u>	<u>332,154</u>
Total minimum lease payments	2,532,974	332,154

Amounts included in minimum lease payments
Interest expense

20,920
<u>311,234</u>

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

13- DEBENTURES

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	\$	\$
<u>Liability component of convertible debentures</u>		
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. (Note 19 viii)	762,057	656,465
Convertible debenture totalling \$200,000, bearing interest rate of 12% (effective rate of 52%), reimbursed in shares in 2009.	-	164,263
Convertible totalling \$885,937 (\$1,300,000 in 2008) debentures bearing interest rate of 12% (effective rate of 17.75% in 2008), 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 October 31, 2009 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.	885,937	1,281,514
Balance to carry-forward	<u>1,647,994</u>	<u>2,102,242</u>

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

13- DEBENTURES (continued)

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	\$	\$
Carry-forward balance	1,647,994	2,102,242
<u>Others debentures</u>		
<p>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. (1)</p>	450,000	450,000
<p>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)</p>	400,000	400,000
	2,497,994	2,952,242
Current portion (Note 19)	1,723,822	1,881,168
	774,172	1,071,074

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

	\$
2010	1,742,187
2011	793,750
	<u>2,535,937</u>

(1) During the year, the Company reached agreements with lenders for debentures totalling \$850,000 in 2008 and maturing in March 2009. For agreements related to debentures totalling \$450,000, the Company issued 450,000 share purchase warrants to the lenders. Each warrant entitles the holder to subscribe to one common share at a price of \$0.10 per share until September 30, 2010. The fair value of these warrants was estimated at 19,451\$ and was accounted for in results as financing fees.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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:

	September 30, 2009		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	16,808,599	822,683	2,474,676	274,081
Flow-through financing	47,548,320	3,479,095	45,320,440	5,674,853
Debt settlement	3,106,606	224,000	178,274	24,000
Brokers' fees	490,571	37,450	519,739	93,554
	<u>206,917,391</u>	<u>29,846,643</u>	<u>138,963,295</u>	<u>25,283,415</u>
Shares to be issued				
Flow-through shares	13,835,443	1,036,633	-	-
	<u>13,835,443</u>	<u>1,036,633</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>220,752,834</u>	<u>30,883,276</u>	<u>138,963,295</u>	<u>25,283,415</u>
Weighted average number of shares outstanding	<u>170,532,505</u>		<u>123,283,929</u>	

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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:

	September 30, 2009		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	(810,000)	0.237	(885,000)	0.257
Balance, end of year	2,360,000	0.146	3,170,000	0.169
Options exercisable at the end	<u>2,151,665</u>		<u>1,685,833</u>	

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

14- SHARE CAPITAL (continued)

Options granted and exercisable as at September 30, 2009:

	Options granted	Options exercisable	Exercise price	Expiry date
	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	360,000	0.16 \$	October 2012
(a)	1,500,000	1,291,665	0.11 \$	August 2013
	<u>2,360,000</u>	<u>2,151,665</u>		

Accounting for compensation plans

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

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Weighted average Risk-free interest rate	-	3.61%
Weighted average Expected volatility	-	89.82%
Weighted average Expected life	-	60 mois
Expected dividends	-	0.0%
Weighted average fair value of options granted at market value	- \$	0.108 \$
Weighted average fair value of options granted at value greater than market value	(a) - \$	0.058 \$

The Company did not grant stock options during the year; in 2008, compensation cost for stock-based employee recognized in earning amounts to \$489,043.

(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

September 30, 2009 and 2008

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:

	September 30, 2009		
	Number of warrants	Weighted average exercise price	Fair value allocated
		\$	
Balance, beginning of year	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)
Balance, end of year	86,433,756	0.175	3,012,971

	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

September 30, 2009 and 2008

14- SHARE CAPITAL (continued)

Warrants outstanding as at September 30, 2009 are as follows:

Number	Exercise price	Expiry date
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
450,000	0.100 \$	September 2010
4,428,570	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
<u>86,433,756</u>		

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

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
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

September 30, 2009 and 2008

14- SHARE CAPITAL (continued)

Brokers' units options

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

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

	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 that will entitle to subscribe to one additional share.

Outstanding brokers' units options as at September 30, 2009:

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 \$	October 2010
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
6,247,199		

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

	September 30, 2009	September 30, 2008
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%

The fair value of each Brokers' units options granted have been accounted for at their value of \$189,844 under share issuance charges.

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

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 \$128,423. The minimum lease payments for the following years are as follows:

	\$	
2010		87,623
2011		40,800
		<hr/>
		128,423
		<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. (Note 19 iii)

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.

- iii) The Company is committed to spend exploration expenses amounting to \$736,487 relating to flow-through financing. These expenses have to be spent before December 31, 2009.
- iv) The Company is committed to spend exploration expenses amounting to \$4,367,456 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

September 30, 2009 and 2008

17- CASH FLOWS

Supplemental cash flows information:

	<u>September 30, 2009</u>	<u>September 30, 2008</u>
	\$	\$
Non-cash investing and financing activities:		
Asset under capital lease	431,181	95,000
Amortization included in the deferred exploration and development charges	450,253	306,887
Share issuance expense paid by the issuance of unit and warrants	223,845	363,266
Future income taxes included in share issuance expenses	893,044	1,627,551
Disposal of mining properties for an investment in shares	(10,000)	-
Tax credit receivable deducted from exploration and development charges	72,193	868,728
Deferred exploration and development charges financed by accounts payable	854,327	659,064
Debenture and interest paid by the issuance of share capital	224,000	24,000
Brokers' fees paid by the issuance of share capital	37,450	(93,554)
Warrants expired carried to contributed surplus	1,401,741	178,440

Rocmec Mining Inc.

(Exploration Stage Company)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

18- INCOME TAXES

The reconciliation of the income tax provision calculated using the combined federal and Quebec provincial statutory tax rate to the provision for income taxes per the financial statements is as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Loss before income taxes	2,889,821	5,444,797
Income taxes at the combined federal and provincial income tax rates of 30.91% (31.02 % in 2008).	(893,244)	(1,688,976)
Mining rights (12%)	494,803	273,243
Change in enacted rates	-	183,230
Non-deductible stock-based compensation	-	45,923
Share issuance expenses	(244,103)	(195,763)
Other expenses non deductible	60,723	1,531
Future income tax assets not recorded	183,580	26,504
	<u>(398,241)</u>	<u>(1,354,308)</u>

As at September 30, future income tax assets and liabilities are as follows:

Future income tax assets

Long term

Non-capital losses carried forward (1)	2,927,606	2,245,739
Share issuance charges	491,036	473,123
Fixed assets	483,230	300,849
Obligation under capital lease	83,722	25,936
Mining properties	350,534	353,036

Future income tax liabilities

Long term

Thermal fragmentation - Exclusive licence	(125)	(17,485)
Deferred exploration and development charges	(3,889,236)	(2,889,263)
Capital lease	(103,683)	(26,882)

Valuation allowance

	-	-
Mining rights	2,087,778	1,592,975
Future income taxes	2,087,778	1,592,975

(1) The future income tax asset resulting from operating losses carried forward is not recorded. Operating losses available to reduce income taxes in future years are detailed as follows:

2011	328,277
2012	347,114
2016	578,684
2017	958,813
2028	1,297,730
2029	2,485,717
2030	2,371,329
2031	2,977,135
	<u>11,344,799</u>

Rocmec Mining Inc.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008

19- SUBSEQUENT EVENTS

- i) At its Board of directors meeting held on October 20th, 2009, the Company granted 1,630,000 share purchase options to its directors, officers, employees and consultants at an exercise price of \$0.095 per share.
- ii) On October 23, 2009, 442 857 Brokers' units have been exercised for a total amount of \$31,000 in cash.
- iii) 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.
- iv) On October 22, 2009, the Company has committed to an obligation under capital lease secured by the equipment of a value of \$229,475, repayable by monthly installments of \$10,501 including interest calculated at a rate of 10.00%, maturing in September 2011.
- v) On November 3, 2009, the Company has acquired 99 additional mining claims adjoining its Rocmec 1 property. In order to complete the transaction the Company will issue 12 million common shares and cash payments totalling \$500,000 as follows; \$50,000 at closing, \$25,000 on both November 30th and December 31st, 2009, \$25,000 on March 31st, 2010, \$50,000 on June 30th, 2010, \$25,000 on September 30th, 2010 and the remaining balance of \$300,000 on November 15th, 2010. Additionally, the Company will pay a 2% NSR royalty on ounces produced from the acquired mining claims and the royalty is redeemable on demand for an amount of 2 million dollars.
- vi) Between November 24 and 30, 2009, the Company contracted loans, totalling \$200,000, bearing 12% interest, maturing in December 2012.
- vii) On November 25, and December 18, 2009, the Company issued 9,581,426 flow-through units ("FT Unit") at \$0.105 for a total amount of \$1,006,050 in cash. Each FT Unit is comprised of one flow-through common share.
- viii) On December 17, 2009, the Company issued 983,333 flow-through units ("FT Unit") at \$0.12 for a total amount of \$118,000 in cash. Each FT Unit is comprised of one flow-through common share and one-half non-flow-through share purchase warrant. Each share purchase warrant entitles its holder thereof to purchase one additional common share at a price of \$0.15.
- ix) On November 10, 2009, the Company has agreed to new terms of repayment of eight convertible debentures maturing at different maturity dates until November 2010. 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.
- x) On December 30, 2009, the Company issued 4,015,000 flow-through units ("FT Unit") at \$0.095 for a total amount of \$381,425 in cash. Each FT Unit is comprised of one flow-through common share and one-half non-flow-through share purchase warrant. Each share purchase warrant entitles its holder thereof to purchase one additional common share at a price of \$0.15.