

# **Rockex Mining Corporation**

## **ANNUAL INFORMATION FORM**

**For the Fiscal Year Ended December 31, 2011**

**March 30, 2012**

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APPENDIX “A” – AUDIT COMMITTEE CHARTER

## GLOSSARY OF TERMS AND OTHER INFORMATION

“**Annual Information Form**” or “**AIF**” means this Annual Information Form, having an effective date of March 30, 2012;

“**Common Shares**” means the common shares in the capital of the Company;

“**Company**” or “**Rockex**” means Rockex Mining Corporation including, where appropriate, its wholly-owned subsidiary, Rockex Limited;

“**CRA**” means Canada Revenue Agency;

“**Flow-Through Common Share**” means a Common Share that is issued on a “flow-through” basis within the meaning of the Tax Act;

“**Form 51-102F2**” means Form 51-102F2 – *Annual Information Form*, adopted by the Canadian Securities Administrators;

“**GAAP**” means Canadian generally accepted accounting principles consistently applied;

“**IFRS**” means International Financial Reporting Standards;

“**MD&A**” means management discussion and analysis;

“**NI 43-101**” means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, adopted by the Canadian Securities Administrators;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*, adopted by the Canadian Securities Administrators;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, adopted by the Canadian Securities Administrators;

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, adopted by the Canadian Securities Administrators;

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*, adopted by the Canadian Securities Administrators;

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time;

“**Other Properties**” means the Company’s three other iron projects in relative close proximity to the Western Lake St. Joseph Property: (i) East Soules Bay, a property consisting of 9 contiguous mining claims (1,408 hectares) in and along the eastern end of Lake St. Joseph, approximately 40 kilometres east of the Western Lake St. Joseph Property, (ii) the Doran Lake Property consisting of 4 contiguous mining claims (832 hectares) in and along the north shore of Doran Lake, south of Lake St. Joseph, approximately midway between the Western Lake St. Joseph Property and the East Soules Bay Project and (iii) the Root Lake Project, a property consisting of 6 contiguous claims (1,408 hectares), approximately 100 kilometres north of Sioux Lookout near the west end of Lake St. Joseph;

“**Rockex**” or “**Company**” means Rockex Mining Corporation, a corporation continued under the laws of Ontario and, unless the context otherwise requires, includes its wholly-owned subsidiary, Rockex Limited;

“**SEDAR**” means System for Electronic Document Analysis and Retrieval developed by Canadian Securities Administrators which is accessible to investors online at [www.sedar.com](http://www.sedar.com);

“**Significant Shareholder**” means a shareholder of the Company holding a sufficient number of securities of the Company to affect materially the control of the Company;

“**Technical Report**” or “**Report**” means the technical report dated effective January 28, 2011 on the Eagle Island deposit in the Western Lake St. Joseph Property authored by Watts, Griffis;

“**TSX**” means the Toronto Stock Exchange;

“**TSXV**” means the TSX Venture Exchange.;

“**Watts, Griffis**” means Watts, Griffis and McOuat Limited, Consulting Geologists and Engineers; and

“**Western Lake St. Joseph Property**” or “**Property**” means the Company’s 100%-owned Western Lake St. Joseph iron ore project comprising, as of the date hereof, 23 mineral claims covering approximately 5,392 hectares located about 300 kilometres north of Thunder Bay in the Patricia Mining Division of Ontario and centered on the Eagle, Wolf and Fish Islands in Lake St. Joseph.

#### **GLOSSARY OF TERMS RELATING TO MINING AND MINERAL PROPERTIES**

“**CIM**” means the “Canadian Institute of Mining, Metallurgy and Petroleum”;

“**EM**” means electromagnetic;

“**Fe**” means iron;

“**ha**” means hectare;

“**IP**” means induced polarization - a type of geophysical survey well suited to define zones of disseminated sulphide mineralization;

“**km**” means kilometre;

“**m**” means metre;

“**NI**” means National Instrument;

“**Royalty**” means the amount actually paid to the mine or mill owner from the sale of ore, minerals and other materials or concentrates and removed from mineral properties, after deducting certain expenditures as defined in the underlying property agreements;

“**t**” means tonnes (metric measurement); and

“**VLF**” means an electromagnetic survey system utilizing very low frequencies.

All dollar amounts referred to in this document are stated in Canadian dollars, unless otherwise indicated. The Company has transitioned its financial statements to IFRS and 2011 is the first year in which its financial statements have been so reported. Previous years were reported in accordance with GAAP. Accordingly, financial information in the Annual Information Form is presented in accordance with IFRS. The comparative financial results for 2010 have been transitioned to IFRS and, for an explanation of how that transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company, reference is made to Note 19 of the 2011 annual financial statements.

The information in the Annual Information Form is presented as at December 31, 2011 unless otherwise indicated. In the Annual Information Form, “we”, “us” and “our” refer to the Company and its subsidiaries.

## FORWARD-LOOKING STATEMENTS

Publicly held companies are encouraged by securities regulators to provide forward-looking information to assist investors in assessing the Company's prospects. Forward-looking statements look into the future and provide a view as to the effect of certain events and trends on the Company's business.

The AIF includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than regarding historical facts, included in the AIF that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's businesses, operations, plans and other such matters, is forward-looking information.

When used in the AIF, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "will", "should", "may" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

Examples of such forward-looking information include information regarding financial results and expectations for the fiscal years 2012 and 2013, such as, but not limited to, the potential of the Company's properties, availability of financing, interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, metal prices, demand for metals, currency exchange rates, cash operating margins, expenditures on property, plant and equipment, increases and decreases in exploration activity, changes in project parameters, joint venture operations, resources and anticipated grades and recovery rates, are or may be based on assumptions and/or estimates related to future economic, market and other factors and conditions.

Forward-looking information is based on reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward-looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to:

- (a) the nature of mineral exploration and mining;
- (b) potential land claims – First Nations groups;
- (c) financing risks;
- (d) infrastructure;
- (e) the absence of significant revenues;
- (f) current global financial condition;
- (g) dilution and future sales of Common Shares;
- (h) focus on the Western Lake St. Joseph Property;
- (i) joint ventures and option agreements;
- (j) going concern;
- (k) dependence on key personnel;
- (l) no assurance of titles;
- (m) permits and licences;
- (n) fluctuating iron prices;
- (o) estimates of mineral resources;
- (p) foreign exchange;

- (q) dependence on outside parties;
- (r) reduced global demand for steel or interruptions in steel production;
- (s) availability of reasonably priced raw materials and mining equipment;
- (t) volatility of stock price;
- (u) extensive governmental regulation of Rockex's activities;
- (v) environmental regulations;
- (w) conflicts of interest;
- (x) competition;
- (y) production;
- (z) lags; and
- (aa) the speculative nature of the securities of the Company.

These "forward-looking" statements are based on current expectations and various factors and assumptions. Accordingly, these statements entail various risks and uncertainties. It is important to note that:

- Unless otherwise indicated, forward-looking statements in the Annual Information Form describe the Company's expectations as of December 31, 2011.
- The Company cautions readers not to place undue reliance on forward-looking information as the Company's actual results may differ materially from expectations if known and unknown risks or uncertainties affect our business, or if estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking information will materialize.
- The Company assumes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or for any other reason, except as required by applicable securities legislation. This forward-looking information should not be relied upon as representing management's views as of any date subsequent to the date of the AIF.

In addition, all disclosure contained herein concerning future plans for the Western Lake St. Joseph Property is subject to the assumptions and qualifications set forth in the Technical Report.

**For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the Annual Information Form, see 3.7 "Description of the Business - Risk Factors".**

## ITEM 1. CORPORATE STRUCTURE

### 1.1 Name, Address and Incorporation

The predecessor to Rockex, Rockex Limited, was incorporated on June 4, 2007 as a private company under the OBCA. The articles of Rockex Limited were amended on April 7, 2008 to remove the share transfer restrictions and "private company" restrictions contained in its articles.

On January 1, 2011, Rockex Limited completed a business combination by way of a three-cornered amalgamation involving Enviropave International Ltd. ("**Enviropave**"), a corporation incorporated under the *Business Corporations Act* (Alberta) and 1837427 Ontario Inc. ("**Subco**"), a wholly-owned subsidiary of Enviropave incorporated under the OBCA. Just prior to the amalgamation, Enviropave's articles were amended to change its name to Rockex Mining Corporation and, on amalgamation, it acquired all of the issued and outstanding shares of Rockex Limited. Rockex Limited then amalgamated with Subco to form a new wholly-owned subsidiary holding the mining assets. The Company (Rockex Mining Corporation) issued one common share for each common share of Rockex Limited previously held by the shareholders of Rockex Limited. The Company also paid a finder's fee of 130,000 common shares to two arm's length finders in connection with the business combination. Following the business combination, the Company became a reporting issuer in British Columbia, Alberta and Ontario with 43,542,029 common shares

outstanding. On January 24, 2011, the Company continued as an Ontario corporation pursuant to articles of continuance filed under the OBCA.

Effective January 1, 2012, to simplify its corporate structure, the Company amalgamated with its wholly-owned subsidiary, Rockex Limited, pursuant to subsection 177(1) of the OBCA. As a result of this amalgamation, the mining assets are now owned directly by the Company. The name of the amalgamated corporation remains Rockex Mining Corporation.

The registered office of the Company is located at 580 New Vickers Street, Thunder Bay, Ontario.

## **ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS**

### **2.1 Three Year History**

Rockex is a junior mining exploration and development company engaged in the acquisition, exploration and development of mineral prospects in Canada.

#### ***Activities for the Fiscal Year ended December 31, 2009***

On December 31, 2009 the Company issued 1,019,893 Common Shares at a price of \$0.50 per share and 959,893 Flow-Through Common Shares at a price of \$0.55 per share for total aggregate proceeds of \$1,037,888 pursuant to the terms of two non-brokered private placements.

#### ***Activities for the Fiscal Year ended December 31, 2010***

On January 6, 2010, in a second tranche of a prior non-brokered private placement, the Company issued an additional 50,000 Common Shares at a price of \$0.50 per share for aggregate proceeds of \$25,000.

On January 14, 2010, the Company purchased 100% of the right, title and interest in certain properties comprised of surface rights only from arm's length vendors for \$67,000 in cash.

In April, 2010, a director of the Company transferred the rights to two mining claims in the Patricia Mining Divisions and is centered on the Eagle, Wolf and Fish Islands in Lake St. Joseph (known as the Lake St. Joseph Iron Ore Property) to the Company for \$nil consideration. This transfer is an extension of the May 30, 2008 purchase agreement and a 2.0% Royalty on these claims is payable to the vendor.

In April, 2010, a director of the Company transferred the rights to four mining claims in the Patricia Mining Divisions of Ontario in the Doran Lake area for nil consideration.

On April 28, 2010, the Company settled amounts owing to a director of the Company and consultants through the issue of an aggregate of 380,000 Common Shares valued at \$0.50 per share amounting to a fair value of \$190,000 in the aggregate.

On December 31, 2010, pursuant to a brokered private placement the Company issued 126,000 units at a price of \$0.90 per unit and 3,210,821 Flow-Through Common Shares at a price of \$0.90 per share for a total aggregate proceeds of \$3,003,140. Each unit was comprised of one Common Share and one-half warrant, each whole warrant entitling the holder to purchase one Common Share for \$1.15 at any time until the earlier of (i) June 30, 2012 and (ii) 30 days after notice from the Company that its Common Shares have traded on the TSX with an weighted average price at or above \$1.50 for 20 consecutive trading days. The Company paid finders fees of \$148,187 in cash and issued 197,266 finder's warrants, each such finders warrant entitling the finder to purchase one Common Share for \$0.90 at any time until June 30, 2012.

## *Activities for the Fiscal Year ended December 31, 2011*

### *TSX Listing*

Effective March 7, 2011, the Company's Common Shares were listed and posted for trading on the TSX. The Common Shares of the Company trade under the symbol "RXM".

### *New Directors and Officers*

During the first quarter of 2011, the Company significantly strengthened its Board of Directors with the addition of two additional members – Bruce Reid and Armando Plastino. Effective February 28, 2011, Donald A. Sheldon was appointed Chief Executive Officer of the Company. The Company also appointed Michael Borovec as Vice-President, Investor Relations to assume full-time activities at the Company's Toronto offices in June 2011.

### *Stock Options*

On March 14, 2011, the board of directors of the Company approved the grant of options, pursuant to its stock option plan, to the directors, officers and certain consultants of the Company to purchase a total of 3,285,000 Common Shares of the Company at an exercise price of \$1.00 per share. The options vested immediately and have a term of five years subject to earlier termination in accordance with the Company's stock option plan.

On May 24, 2011, the board of directors of the Company approved the grant of options, pursuant to its stock option plan, to a new officer of the Company to purchase a total of 250,000 Common Shares of the Company at an exercise price of \$0.60 per share. 50,000 options vested immediately and 50,000 options vest each three months after the date of grant. All options have a term of five years subject to earlier termination in accordance with the Company's stock option plan.

### *Continuance of the Company into Ontario*

Effective January 24, 2011, the Company continued as an Ontario corporation subject to the provisions of the *Business Corporations Act* (Ontario). Until that date the Company was subject to the provisions of the *Business Corporations Act* (Alberta). The continuance into Ontario was part of the reorganization of the Company which included the reverse take-over of the Company by the shareholders of Rockex Limited effective January 1, 2011.

### *Financing Activities*

On February 3, 2011, the Company completed the first tranche of a non-brokered private placement consisting of the issue and sale of 1,163,111 units at a price of \$0.90 per unit and 111,000 Flow-Through Common Shares at a price of \$0.90 per share, for aggregate gross proceeds of \$1,146,700. Each unit was comprised of one Common Share of the Company and one warrant entitling the holder to purchase one additional Common Share at a price of \$1.15 at any time prior to the earlier of (i) August 3, 2012 and (ii) 30 days after notice from the Company if the Common Shares have traded on the TSX with a weighted average price at or above \$1.50 for 20 consecutive trading days occurring more than 4 months after the closing date. The Company paid a finder's fee of \$80,000 and issued 111,111 finders warrants exercisable at \$0.90 per share expiring August 3, 2012.

On February 4, 2011, the Company completed the second tranche of a non-brokered private placement consisting of the issue and sale of 448,000 units at a price of \$0.90 per unit and 168,000 Flow-Through Common Shares at a price of \$0.90 per share, for aggregate gross proceeds of \$554,400. Each unit was comprised of one Common Share of the Company and one warrant entitling the holder to purchase one additional Common Share at a price of \$1.15 at any time prior to the earlier of (i) August 3, 2012 and (ii) 30 days after notice from the Company if the Common Shares have traded on the TSX with a weighted average price at or above \$1.50 for 20 consecutive trading days occurring more than 4 months after the closing date.



The Company paid a finder's fee of \$7,000 and issued 7,770 finders warrants exercisable at \$0.90 per share expiring August 3, 2012.

On December 23, 2011, the Company completed the first tranche of a non-brokered private placement consisting of the issue and sale of 240,000 units at price of \$0.45 per unit and 660,000 Flow-Through Common Shares at a price of \$0.50 per share, for aggregate gross proceeds of \$438,000. Each unit was comprised of one Common Share and one warrant entitling the holder to purchase one additional Common Share at a price of \$0.60 at any time prior to the earlier of (i) June 23, 2013 and (ii) 30 days after notice from the Company if the Common Shares have traded on the TSX with a weighted average price at or above \$1.00 for 20 consecutive trading days occurring more than 4 months after the closing date. The Company paid finder's fees in the aggregate amount of \$24,000 and issued 60,000 finders warrants exercisable at \$0.60 per share expiring June 23, 2013.

On December 30, 2011, the Company completed the second tranche of a non-brokered private placement consisting of the issue and sale of 388,000 Flow-Through Common Shares at a price of \$0.50 per share, for aggregate gross proceeds of \$194,000. The Company paid finder fees in the aggregate amount of \$10,720 and issued 26,800 finders warrants exercisable at \$0.60 per share expiring June 30, 2013.

#### *Activities Subsequent to the Fiscal Year ended December 31, 2011*

Effective January 1, 2012, to simplify its corporate structure, Rockex amalgamated with its wholly-owned subsidiary, Rockex Limited, pursuant to subsection 177(1) of the OBCA (vertical short-form amalgamation) and continued under the name Rockex Mining Corporation. As a result, the mining assets formerly held by the Company indirectly through Rockex Limited are now held directly by the Company.

During the first few months of 2012, the Company has been continuing with its drilling program at its Western Lake St. Joseph Property. For additional information, please see the Company's press release dated February 2, 2012, available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **2.2 Outlook**

The Company has developed a strong management team and obtained substantial financing. Accordingly, it is now well positioned to move forward with the exploration and development of its properties.

With the listing of the Company's Common Shares on the TSX on March 7, 2011, one of the world's preeminent exchanges for mineral exploration companies, management expects that the Company will benefit from increased visibility in the mining industry and in the capital markets as a whole. Management expects that the TSX listing will also offer benefits to shareholders such as enhanced market access for Canadian and international investors, increased access to capital and improved liquidity.

The Company expects to continue its exploration and development activities at its iron projects in the Lake St. Joseph area of northwestern Ontario with drilling programs, metallurgical testing, economic analysis, increasing resource estimates and other events throughout 2012.

## **ITEM 3. DESCRIPTION OF THE BUSINESS**

### **3.1 Introduction**

Rockex is a Canadian mineral exploration and development company focused on the exploration and development of its 100%-owned iron exploration properties in northwestern Ontario around the Lake St. Joseph area, about 300 kilometres north of Thunder Bay. Rockex has interests in numerous mineral property claims located in the area.

At this time, the Company is focusing the majority of its efforts on a particular grouping of claims, referred to as the Western Lake St. Joseph Property, which is the only property the Company currently considers to be material. The Company intends to continue to evaluate its Other Properties and, if deemed warranted,

acquire new mineral properties and, contingent upon obtaining satisfactory exploration results, to develop such properties either through additional equity financings or by way of joint venture or option agreement, or through a combination of both. The Company is not in commercial production on any of its properties and, accordingly, the Company has no revenues and is considered to be a development stage company. The Company finances its operations by raising capital in the equity markets.

For further information regarding the Company and the Western Lake St. Joseph Property, see “*Mineral Properties*” and “*Western Lake St. Joseph Property Technical Information*” below and the documents incorporated by reference in this AIF available under the Company’s profile at [www.sedar.com](http://www.sedar.com).

### **3.2 Employees**

As of the effective date of the Annual Information Form, the Company has no employees. All of its personnel requirements are addressed by independent contractors engaged on a contracted “as needed” basis.

### **3.3 Liquidity and Capital Resources**

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company’s properties depends on the ability of the Company to obtain adequate financing. If the Company’s exploration programs are successful, additional funds may be required to develop the Company’s properties and, if successful, to put them into commercial production. The only sources of future funds presently available to the Company are the exercise of warrants or stock options, the sale of equity capital of the Company, or the sale by the Company of an interest in any of its properties in whole or in part.

As at December 31, 2011, the Company had working capital of \$454,296. The Company has sufficient funds for general corporate purposes. The Company intends to raise additional funds in early to mid 2012.

### **3.4 Competitive Conditions**

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Company competes with a number of other entities and individuals in the search for and the acquisition of attractive mineral properties. As a result of this competition, the majority of which is with corporations with greater financial resources than the Company, the Company may not be able to acquire, explore or develop attractive properties in the future on terms it considers acceptable. Finally, the Company competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties that are better able to attract equity investments and other capital. The ability of the Company to acquire attractive mineral properties in the future depends not only on its success in exploring and developing its present properties but also on its ability to select, acquire and bring into production suitable properties or prospects for exploration, mining and development. Factors beyond the control of the Company may affect the marketability of minerals mined or discovered by the Company (see “*Risk Factors*”).

### **3.5 Trends**

There are significant uncertainties regarding the prices of iron and other minerals and the availability of equity financing for the purposes of mineral exploration and development. For instance, the price of iron and other minerals has fluctuated widely in recent years and wide fluctuations may continue. Apart from the risk factors noted under the heading “*Risk Factors*”, management is not aware of any other trends, commitments, events or uncertainties that would have a material adverse effect on the Company’s business, financial condition or results of operations.

### 3.6 Mineral Projects

#### *Western Lake St. Joseph Property*

The following information in respect of the Western Lake St. Joseph Property is the summary (the “**Summary**”) excerpted from the Technical Report prepared by Michael Kociumbas, P. Geo., Richard Risto, P. Geo. and G. Ross McFarlane, P. Eng., all of Watts, Griffis, each of whom is considered a “qualified person” for the purposes of NI 43-101. The Technical Report is subject to certain assumptions, qualifications and procedures described therein. Reference should be made to the full text of the Technical Report, available for review under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) (filed February 3, 2011). The full Technical Report is incorporated by reference into the Annual Information Form and forms a part hereof. Capitalized terms used in the Summary have the meanings ascribed thereto in the Technical Report.

The scientific and technical information contained in or incorporated by reference in the AIF relating to the Company’s Western Lake St. Joseph Property is supported by the Technical Report.

#### *General, Terms of Reference and Property*

Rockex Limited (“**Rockex**”) a wholly-owned subsidiary of Rockex Mining Corporation holds a 100% interest in certain mineral claims in the Trist Lake Area, Patricia Mining Division, Sioux Lookout District, Province of Ontario, Canada (the “**Property**”). Rockex’s interest is subject to a 2% Net Smelter Return royalty (“**NSR**”) on all mineral production other than iron and a 2% gross revenues royalty on any and all iron production from the Property. The Property is partly underlain by Algoma-type magnetite-hematite taconite iron formation. The principal deposits are known as the Eagle, Wolf and Fish Island Iron deposits and these are situated in the southwestern part of Lake St. Joseph on and adjacent to the islands. The Property is located approximately 100 km northeast of Sioux Lookout, and 80 km southwest of Pickle Lake.

Watts, Griffis and McOuat Limited (“**WGM**”) was retained by Rockex to prepare an updated National Instrument 43-101 (“**NI 43-101**”) compliant Technical Report and Mineral Resource estimate documenting historic exploration, geology, mineralization, and Rockex’s recent exploration programs and results. The classification of Mineral Resources used in this report conforms to the definitions provided in National Instrument 43-101 and the guidelines adopted by the Council of the Canadian Institute of Mining Metallurgy and Petroleum (“**CIM**”) Standards. WGM estimated at an 18% Soluble Iron cut-off grade, there are Indicated Mineral Resources of 590,847,000 tonnes grading 28.84% Fe and Inferred Mineral Resources of 415,757,000 tonnes grading 29.47% Fe in the Eagle Island deposit.

This report makes recommendations and provides guidelines for subsequent work.

The Property consists of 23 contiguous mining claims covering a nominal area of 5,392 ha, Patricia Mining Division, held 100% by Rockex. The major islands, Eagle, Fish and Wolf in Lake St. Joseph, located within the Property perimeter, are covered by surface rights-only, Freehold Patents. Two of these are owned by Rockex while the others are owned by tourist operators.

At this time, Rockex is aware of and has made contact with what it believes are the two principle Ojibway Aboriginal Nation/communities in the immediate area of the Property, namely the Mishkeegomang First Nation and the Slate Falls First Nation. Aboriginal interests hold commercial fishing licences and trap lines. Rockex has recently held meetings with the Mishkeegomang First Nation and has presented them with a draft Memorandum of Understanding (“**MOU**”). Representatives of the Company also recently met with the Slate Falls First Nation. Rockex provided to the community a copy of a draft MOU and is awaiting a reply and comments on this draft or a version of MOU that Slate Falls is more comfortable with prior to reaching an agreement on a MOU.

No environmental studies or surveys were conducted by previous operators and there is no record of any environmental work conducted on the Property since that time. However, an Environmental Impact

Assessment (“**EIA**”) was completed in the 1970s for a proposed mining and processing operation for an iron deposit located at the east end of Lake St. Joseph. Baseline environmental studies should be part of Rockex’s next exploration program and the historic environmental study and the comments on the 1970s EIA offered by the ministry should be helpful for designing these baseline studies.

### ***Previous Work, Drilling, Sampling, Metallurgical Testwork and Historic “Reserve” Estimates***

Exploration directed at iron was conducted on the Property prior to 1921. The first drilling programs on the Property were carried out in the 1920s and 1930s. The information available for these earliest programs is sparse. In 1956, Lake St. Joseph Iron Limited (“**LSJI**”) acquired claims covering Eagle, Fish and Wolf Islands and carried out magnetic surveys, trenching and a diamond drilling program to test the iron deposits. Further diamond drilling was completed by LSJI during the winters of 1957-58 and 1958-59. Good quality trench assay plans and maps and drill logs for most of these drillholes and assays have been located in Ontario government assessment files.

Testwork on the beneficiating qualities of the material were initiated in the late 1950s at the Ontario Research Foundation (“**ORF**”) and the M.A. Hanna Company (“**Hanna**”). Work lead to a mineral “reserve” estimate of 240 million tons of open pitable ore averaging 35% iron. *(This historical estimate pre-dated NI 43-101 and, accordingly, is not compliant with the requirements of NI 43-101. No qualified person has done sufficient work to classify the historical estimate as current resources or reserves. As a result, the historical estimate cannot be relied upon. Rockex is not treating the historical estimate as current mineral resources or mineral reserves.)*

In 1967, the Algoma Steel Corp. (“**Algoma**”) completed its initial work on the Property, on a block of ground south of Eagle Island known then as the Gustafson mining claims that it optioned in 1966. Algoma completed a magnetic survey on the ice and drilled six holes. In late 1968 and early 1969, Algoma optioned LSJI’s property adjacent to the Gustafson option claims. Initial Algoma exploration included work to validate LSJI’s results. Exploration consisted of the re-sampling of trenches and some drilling. In 1974 and 1975, Algoma carried out extensive diamond drill programs, mainly focussed on Eagle Island. Drill core logs and assay records for most of this drilling have been located in either the Ontario government assessment files or in Algoma’s project files, acquired by Rockex in late 2009 from Essar Steel Algoma Inc. (“**Essar**”) successor to Algoma. The descriptive logs are similar to LSJI’s logs and are good quality.

Algoma initiated a series of bench scale and pilot plant testwork to develop and test a process flowsheet. Bench scale work included Davis Tube tests on 100 foot long sample composites with determination of iron in Heads, concentrates and tails. Pilot plant testwork was conducted at the ORF. It appears this program was supervised by Hanna in conjunction with Algoma, but records are incomplete and the final report by the ORF, dated January 1, 1976, has not been found. Testwork by Algoma included microscopic examination that revealed iron minerals comprised mainly of hematite and magnetite, in an overall ratio of 1:1, within a gangue of quartz, sericite, mica, carbonate with some hornblende and apatite. It was concluded that grind requirements were 85% -500 mesh. Algoma and Hanna may have carried out more testwork after 1976, but WGM does not have the records. From records available it is known Algoma in 1982 was still carrying out geological mapping at Fish Island on the Property, but records are generally scant for work completed post late 1970s.

Considering the fine grind requirements of the mineralization, two main flowsheet choices were considered:

1. An all-desliming flowsheet that was developed from laboratory testwork by Algoma and others on the magnetite-hematite taconite from the Geraldton, Ontario area.
2. A flowsheet with desliming followed by flotation, as used at the Tilden Mine, Minnesota.

Laboratory testwork resulted in the ability to produce pellet grade concentrate by two grinds and a total of five deslimes (two deslimes between primary and secondary grinds and three after secondary grinding).

Tests to evaluate the application of flotation in combination with desliming were also conducted. Calcium-actuated flotation was considered promising, while the amine-flotation gave poor results.

Pilot plant tests were completed using 375 tons of a 1,100 ton bulk sample taken from Eagle Island. Both the all-desliming and desliming-amine flotation flowsheets were tested in a ½ ton/hr pilot plant during a three month period in 1975. The best results of the ORF pilot plant tests of 1975 were obtained by fine two-stage grinding, followed by an all desliming flowsheet and a two-stage grinding and desliming, followed by silica flotation at a secondary grind of 45% -10 micron.

Following completion of the pilot plant testwork, the core from Eagle Island North Zone was composited into 8-blocks and laboratory testing using the all-desliming flotation, with, and without, starch.

This historic pilot plant testwork on samples from the main part of the deposit was successful in producing commercial grade concentrates with 65-67% iron, 4.5-5.5% silica with overall iron recoveries to concentrate of 85%. Additional testwork including full chemical analysis of the concentrates was recommended.

Mineral “reserves” for Eagle and Fish islands (including a west extension) were estimated by Algoma in 1976 at just over 1 billion tons at an average grade of 30.02% SFe (“Soluble Iron”). *(This historical estimate pre-dated NI 43-101 and, accordingly, is not compliant with the requirements of NI 43-101. No qualified person has done sufficient work to classify the historical estimate as current resources or reserves. As a result, the historical estimate cannot be relied upon. Rockex is not treating the historical estimate as current mineral resources or mineral reserves.)*

Ultimate pit depth for the Algoma 1976 “reserves” is not stated, but may be 1,000 ft (300 m). Drilling in places extended to 1,000 ft depth.

Algoma also made an estimate for the concentrate that might be produced from the “ore”. The estimate of the concentrate was based on a 67% Fe grade at 80% SFe recovery and is shown below. These parameters appear to be based on the “all-desliming” process flotation flowsheet pilot plant testwork completed in spring-1975 at the ORF.

**Historic Concentrate Estimate for Eagle and Fish Islands Area  
(after Algoma, 1976)**

Zone	Gross Tons of Concentrate (millions)	Cubic Yards Waste/Ton of Concentrate
Eagle Island-North	209	0.28
Eagle Island-South	<u>52</u>	<u>0.60</u>
<b>Subtotal Eagle Island</b>	<b>261</b>	<b>0.34</b>
Fish Island	87	0.50
West extension	<u>15</u>	<u>0.50</u>
<b>Total</b>	<b>363</b>	<b>0.39</b>

*(This historical estimate pre-dated NI 43-101 and, accordingly, is not compliant with the requirements of NI 43-101. No qualified person has done sufficient work to classify the historical estimate as current resources or reserves. As a result, the historical estimate cannot be relied upon. Rockex is not treating the historical estimate as current mineral resources or mineral reserves.)*

Algoma stated that its work established the presence of an extensive deposit of iron ore, confirmed that a desirable iron ore product could be produced and that mining of the deposit was entirely feasible and practical. The historic mineral “reserve” estimates were completed prior to the implementation of NI 43-101 and should not be relied upon.

In the late 1970s, studies were initiated along with Stelco Inc. (“**Stelco**”) and Dofasco Inc. (“**Dofasco**”) to evaluate developing a large scale, multi-deposit operation in the Lake St. Joseph area with first

development to include Algoma's Eagle Island deposit and Steep Rock Iron Mines Limited's ("**Steep Rock**") deposits at the southeast end of Lake St. Joseph adjacent to Soules Bay. By late 1978, the three participating Ontario steel companies had agreed to pursue the project with the aim of advancing development and to position the project as a possible source of iron ore for the late-1980s. Further pilot plant testing may have been completed after 1976, but records of any such work are not available.

### ***Geology and Mineralization***

The Property is situated in the Lake St. Joseph Archean greenstone belt of the Uchi Subprovince of the Canadian Shield. It is located adjacent to the southern boundary of the subprovince next to the English River Subprovince. The greenstone belt is underlain and surrounded by, and internally intruded by, both younger and older felsic and mafic plutons. The Lake St. Joseph greenstone belt is composed of four volcanic cycles and each contains a sequence of basal tholeiitic basalt flows progressing upwards into dacitic to rhyolitic pyroclastic rocks. In the Western Lake St. Joseph area, the Cycle 2 volcanics are unconformably overlain by a suite of clastic and chemical sedimentary rocks that form the Eagle Island assemblage or Upper Clastic Rocks. It is this assemblage that hosts the iron formation on the Property.

The base of the Eagle Island assemblage consists of eroded dacitic pyroclastic material derived from the upper part of the Cycle 2 volcanics. This sequence is succeeded upwards by arenite and wacke-sandstone beds, interbeds of mudstone, conglomerate and banded iron formation. Iron oxides consist of fine grained specular hematite and magnetite. The ratio of hematite to magnetite is reported as 3:1 (in the reports from the 1950s) to 1:1 (reports from the mid-1970s). It is likely that in different parts of the deposit, different ratios of hematite to magnetite occur, but this distribution is not completely mapped out. Gangue is described as consisting of silica, sericite, mica, carbonate, chlorite with some hornblende and apatite. The distribution of sulphide components may be partly controlled by stratigraphy (graphitic horizons), but also by structurally controlled gold related alteration systems that affect various parts of the iron formation sequence, but apparently not to any significant extent the current Mineral Resource area. Metamorphism is typically greenschist facies in the Western Lake St. Joseph area. Mafic metavolcanics contain chlorite-actinolite-albite and the clastic metasediments contain a chlorite-muscovite-biotite-quartz-albite assemblage.

The sedimentary assemblage is largely in the form of an east-west trending, steeply plunging syncline containing a pair of sub-parallel anticlinal folds. The tight and isoclinal folding has resulted in repeats in the iron formation sequence which is mainly coincident with the north, east and south shores of Eagle Island and dips steeply. Because of the folding, the bulk of the iron formation on the Property is concentrated on and adjacent to Eagle Island. A trenched and well drilled section of iron formation outlined by historic work on the north part of Eagle Island is in the order of 1.3 km long, 350 m to over 400 m wide (true thickness) and is well drilled to depths of 150 m to 200 m, and locally up to 300 m vertical depth.

The south east extension of this north Eagle Island part of the iron formation extends to form the east and south limits of the south part of Eagle Island. This section along the southeast shore of Eagle Island is well mapped on surface, in trenches and diamond drillholes. The drilled and trenched portion of this domain has a strike length in the order of 2 km. Historic drill testing on cross sections at 250 m intervals has been to about 150 m vertical. The true thickness of the iron formation for this domain varies from approximately 200 m to 80 m with thicknesses diminishing with increasing distance along strike away from the north part of Eagle Island.

Fish Island is located about 2.5 km west of Eagle Island. Fish Island also appears to contain an increased thickness of iron formation. The multiple bands exposed on Fish Island may be due to parasitic folding along the south limb of the main structure but alternatively perhaps, might represent a repeated sequence at the nose of another isoclinal fold. Fish Island was trenched and drilled by LSJI with 10 drillholes on six cross sections testing the steeply, to vertically dipping zone over a strike length of 1.3 km to vertical depths of 100 m. Representative drillhole J-17 intersected 350 ft (106.7 m) of oxide iron formation grading 36% Fe. The true width of this zone is in the order of 91 m. Algoma completed two drillholes in 1978. Verification drilling at Fish Island is required in light of comments made by an Algoma geologist following its 1982 mapping program.

### ***Rockex's Exploration Programs***

Rockex's first exploration program on the Property was initiated in March 2008. It consisted of a five twin hole drilling program aggregating 1,312 m focussed on and adjacent to Eagle Island to validate historic drill results.

WGM Senior Associate Geologist, Richard Risto, P.Geo., visited the Property from April 1-3, 2008 while the drilling was ongoing. Mr. Risto reviewed the project with Mr. Pierre Gagné, President of Rockex, Mr. Gilles Filion, Director, and Project Geologist, Jean-Paul Barrette, géo. Visits were made to the site where drillhole EI-101 was in progress, previous 2008 sites and drill core for DHs EI-101, 102 and 104 was reviewed.

Drillhole sites were validated for location using a handheld GPS, and iron formation was confirmed in drill core and in outcrop. Mr. Risto reviewed core handling, logging and sampling procedures. Core handling and sampling procedures were found to be sound. Sample assays were completed at SGS's laboratory, Lakefield Ontario ("**SGS-Lakefield**").

In late 2009, Rockex acquired Algoma's 1974 and 1975 archived drill core and project files from Essar. Mr. Risto observed the files and drill core in November 2009 at Essar's facilities in Sault Ste. Marie. At Essar, the drill core was in racks in good order and each tray was nailed shut and well labelled. The drill core and files were transported to Rockex's storage area and offices in Thunder Bay for inventory. In early 2010, Rockex contracted John Corkery, Geologist, to re-log and sample selected drillholes to validate Algoma's work. The samples collected consisting of the second half of the drill core originally split and assayed by Algoma in 1974-75 were sent to SGS-Lakefield for assay.

### ***Mineral Resource Estimate***

WGM has prepared a Mineral Resource estimate for the Western Lake St. Joseph Iron Project mineralized areas that have sufficient data to allow for continuity of geology and grades. WGM modelled the main Eagle Island mineralization, but did not include the Fish Island or Wolf Island areas at this time. More confirmation work and new drilling needs to be done before a Mineral Resource estimate can be completed on these other areas.

The classification of Mineral Resources used in this report conforms with the definitions provided in National Instrument 43-101 and the guidelines adopted by the Council of the Canadian Institute of Mining Metallurgy and Petroleum ("**CIM**") Standards. WGM generated a distance block model and reported the estimated Mineral Resources by distances which represented the category or classification. The current drilling pattern is uneven and many areas are sparsely drilled therefore many of the holes did not penetrate the entire width of the mineralized zone. Hence the "boundaries" are not particularly well defined in some areas (particularly the dips of the zone and the depth extension), however, the mineralization shows very good continuity on a gross scale.

WGM has abundant experience with similar types of mineralization to the Western Lake St. Joseph deposit and we used this knowledge to assist us with our categorization of the Mineral Resources. WGM chose to use the blocks within the 3-D wireframe that had a distance of 100 m or less to be Indicated category and +100 m to be Inferred category. The average distance for the total Indicated Mineral Resources within the 3-D wireframe (i.e., at no cutoff) was 56 m, and for the Inferred the average distance was 152 m. The majority of the deeper mineralization is categorized as Inferred due to the current lack of drilling below 250-300 m from surface. The maximum depth that the mineralization was taken to was approximately 400 m vertically from surface. WGM has not classified any of the Western Lake St. Joseph mineralization as Measured at this stage of exploration. A summary of the Mineral Resources is provided in the table below.

**Categorized Mineral Resource Estimate for  
Western Lake St. Joseph Iron Project (Cutoff of 18% Head SFe)**

Resource Classification	Tonnes (000s)	%SFe Head-Individual Samples	%SFe Head-Composite	%magFe Head-Composite	%HmFe Head-Composite
Indicated	590,847	28.84	28.43	14.86	13.56
Inferred	415,757	29.47	29.07	14.52	14.55

A cutoff of 18% SFeHead was determined to be appropriate at this stage of the project and was chosen based on a preliminary review of the parameters that would likely determine the economic viability of a large open pit operation and compares well to similar projects and to projects that are currently at a more advanced stage of study. The following table shows the Mineral Resource estimate at various cutoffs for comparison purposes.

**Categorized Mineral Resources by %Head SFe Cutoff  
Western Lake St. Joseph Iron Project**

	Tonnes (000s)	%SFe Head-Individual Samples	%SFe Head-Composite	%magFe Head-Composite	%HmFe Head-Composite
<b><u>No Cutoff (all mineralization within the wireframe)</u></b>					
Indicated	651,425	26.47	25.91	13.58	12.33
Inferred	425,028	29.03	28.46	14.22	14.24
<b><u>15% SFe Cutoff</u></b>					
Indicated	591,101	28.75	28.36	14.86	13.50
Inferred	416,367	29.45	29.05	14.52	14.53
<b><u>18% SFe Cutoff</u></b>					
Indicated	590,847	28.84	28.43	14.86	13.56
Inferred	415,757	29.47	29.07	14.52	14.55
<b><u>20% SFe Cutoff</u></b>					
Indicated	579,331	29.03	28.60	14.89	13.72
Inferred	411,000	29.59	29.17	14.54	14.63
<b><u>22% SFe Cutoff</u></b>					
Indicated	553,142	29.40	28.96	14.88	14.07
Inferred	399,793	29.83	29.38	14.53	14.85
<b><u>25% SFe Cutoff</u></b>					
Indicated	483,503	30.23	29.75	14.77	14.97
Inferred	371,695	30.30	29.81	14.49	15.32

Data used to generate the Mineral Resource estimate was supplied Rockex technical personnel in a format compatible with Gemcom™. The drillhole database consisted of 167 records, of which 131 were drillholes; including 35 old LSJI holes and five new Rockex holes. The remainder of the records were Algoma holes or trenches. None of the LSJI or Rockex holes or the trenches were used for the grade interpolation for the Mineral Resource estimate, however, they were used for guidance and for additional geological control. A total of 63 Algoma holes were used for the current Mineral Resource estimate and were dispersed along approximately 2.4 km of N-S and 2.9 km E-W length/width on Eagle Island covering the iron mineralization over the island and slightly into Lake St. Joseph.

In general, WGM found the database to be in good order and accurate, however, further field work will likely result in improved location and azimuth information for the Algoma drillhole collars and this may



have an effect on classification for future Mineral Resource estimates. In addition, future metallurgical and assay testwork will determine the percentage of recoverable iron comprising the Mineral Resources.

The holes were drilled on variable spacing between section lines of from 100 m to about 250 m in the main area of mineralization. The cross sections were oriented radially due to the geometry of the iron mineralization and the drillholes on cross sections were variably spaced at from 50 m to almost 200 m. Each cross section contained from one to four or five holes (and trenches) and the closest spaced drilling was near the surface. The deeper mineralization, i.e., below 250 m vertical depth, has been tested by only three holes and is open at depth.

WGM created a 3-D wireframe that represented mineralized boundaries by digitizing outlines from drillhole to drillhole that showed continuity of strike, dip and grade, generally from 100 m to 200 m in extent, and up to a maximum of about 350 m on the ends of the zones and at depth where there was no/little drillhole information, but only if the interpretation was supported by drillhole information on adjacent cross sections. This extension was taken into consideration when classifying the Mineral Resources and these areas were given a lower confidence category; in general, this represented the deeper mineralization. The continuity of the mineralization as a whole was very good, however, the deposit displays structural complexity (large-scale folding, drag folding and sedimentary slump features) which results in changes in attitude of the mineralization, and internally the bedding/stratigraphy can be quite distorted where the folding/metamorphism is the most intense. WGM modelled out two of the larger internal waste (sediment) units/beds that appeared to have fairly good correlation between holes and cross sections.

In order to carry out the Mineral Resource grade interpolation, a set of equal length composites of 10 m was generated from the raw drillhole intervals, as the original assay intervals were different lengths and required normalization to a consistent length. Composites of 10 m length were also generated for the available sample composites prepared by Lakefield for Davis Tubes tests. The %SFe Head grade was used for the Mineral Resource estimate, however, %SFe, %magFe and %HmFe (calculated) from the composites prepared for Davis Tube test work was also interpolated into the block model for comparison purposes.

The iron oxides in the deposit consist of fine grained specular hematite and magnetite, and various reports list the ratio of hematite to magnetite as anywhere from 3:1 to 1:1 (this later ratio is the one that WGM tends to agree with). It is likely that in different parts of the Property, different ratios of hematite to magnetite occur, but this distribution is not completely mapped out and should be studied in detail for any future work. WGM calculated the Fe in hematite as a simple calculation of (%SFe - %magFe) and this manipulation was done in the block model. Where significant silicate Fe is present, this method would result in overestimating Fe in hematite. Fe in sulphide is also not taken into account, but WGM believes this is minor.

The Western Lake St. Joseph Mineral Resource estimate was completed using a block modelling method and for the purpose of this study, the grades have been interpolated using an Inverse Distance estimation technique. The grades were well constrained within the wireframes, and the results of the interpolation approximated the average grade of the all the composites used for the estimate.

WGM created a variable density model to estimate tonnage and we are of the opinion that there is insignificant difference on a global basis between Total Fe and historic Soluble Fe in this deposit. The following formula was used to obtain the density of each block in the model:  $\%SFe \times 0.025 + 2.6$ . This formula also reflects WGM's experience with other iron ore deposits and the specific gravity shows excellent correlation with %TFe, as is typical with these types of deposits.

The search ellipse size and orientation for the grade interpolation were based on the current geological knowledge, and due to the folding causing orientation/strike complexity and change, three simple domains were defined; Main Zone North (MZN), Main Zone South (MZS) and Southeast Zone (SEZ). The details of the geology and geometry of the mineralized body is quite complex and more drilling is required to get a better understanding of the depth potential, dip and internal detail of the leaner and waste sedimentary units. After more drilling has been completed, more domains may be added.

## *Conclusions and Recommendations*

Based on WGM's review of the available information for the Property, we offer the following conclusions:

- A substantial deposit of fine grained magnetic-hematite taconite, Algoma-type iron formation is located on the Property. Algoma in 1976 estimated over a billion ton of "reserves" grading near 30% SFe and open at depth. This "reserve" estimate was completed prior to NI 43-101 and should not be relied upon. Furthermore Algoma completed subsequent exploration work on Fish Island subsequent to the "reserve" estimate and this work raised doubts with regard to widths of mineralization on Fish Island expressed in historic records. This caveat does not apply to Eagle Island mineralization where Algoma's "reserve" estimate relied only on Algoma exploration results;
- WGM has prepared a Mineral Resource estimate for the Western Lake St. Joseph Iron Project mineralized areas that have sufficient data to allow for continuity of geology and grades. WGM modelled the main Eagle Island mineralization, but did not include the Fish Island or Wolf Island areas at this time. More confirmation work and new drilling needs to be done before a Mineral Resource estimate can be completed on these other areas. The average grade of the deposit per the Mineral Resource estimate was estimated at a cutoff of 18% and utilized both SFe Head grades of individual Algoma drillhole samples and Head grades for Algoma's composite samples on which Davis Tube tests were completed. Indicated Mineral Resources aggregated 590,847,000 tonnes at an average grade of 28.43% SFe DT Composite Heads (28.84% SFe Crude Heads), 14.86% magFe and 13.56% HmFe. Inferred Mineral Resources aggregated 415,757,000 tonnes at an average grade of 29.07 %SFe DT Composite Heads (29.47% SFe Crude Heads), 14.52% magFe and 14.55% HmFe;
- Algoma was the last major company to control the Property. Algoma completed substantial work from 1973 through 1978, spending \$2 million on diamond drilling (47,920 ft (14,606 m) in 74 drillholes), assaying, resource estimates, bulk sampling, laboratory pilot plant studies and soil tests and development studies. In the late-1970s, Stelco and Dofasco agreed to join with Algoma to study the development of a large scale operation involving mining several properties adjacent to Lake St. Joseph. The concept included concentrating the ore at Lake St. Joseph and funnelling the concentrate into a pipeline transportation system for movement to pelletizing and shipping facilities on Lake Superior. Records for work conducted in the 1980s and 1990s have not been acquired and may not be in the public domain;
- Although Algoma and LSJI have completed substantial metallurgical testwork on the mineralization in the past, there is little of any value to support predevelopment studies of the deposit to the standards currently necessary. Developments in technology and concentration equipment since completion of the previous metallurgical work and the current approach to flowsheet development will probably benefit this deposit in defining the optimum flowsheet for concentration. From the results to date it can only be concluded that very fine grinding will be necessary and it is possible to make saleable concentrate grade. There is only early stage mineralogy work and no work indices on the ore have been established. Neither the potential for coarse cobbing and stage grinding nor the potential of all possible concentration methods have been investigated thoroughly. Possible variations in mineralogy and metallurgical characteristics throughout the deposit have not been investigated. All this work is necessary to support predevelopment studies.
- Algoma's testwork showed:
- that pellet grade concentrates could be produced using two stages of grinding and a total of 5 deslimes; and

- all de-sliming pilot plant test produced a concentrate grading 66% SFe and 5.4% SiO<sub>2</sub> with an 80% SFe recovery. The de-sliming-flotation pilot plant test produced a concentrate grading 66.3% SFe with 4.82% SiO with a SFe recovery of 75%;
- Direct reduction metalizing that was tested by Hanna demonstrated some possibilities but it is not a standard approach for concentrating iron deposits of this type. This possibility would require a further comprehensive study of markets for a product of this nature from this geographic location before it could be considered an option;
- Additional work may have been completed after 1976 and reports for this work has not been recovered;
- To develop one, or several open pits to mine these deposits, significant sections of Lake St. Joseph will require dams and/or dikes. A tourist operator owns the surface rights of a substantial part (but not all) of Eagle Island and another landowner owns the surface rights of parts of Fish island and Wolf island and these rights will need to be acquired; and,
- In WGM's opinion, significant hurdles for developing open pit mines on Lake St. Joseph will be negotiations with the various stake holders, and dealing with environmental concerns regarding the open pit mines, concentrators and tailings repositories.

Rockex has developed a program and budget to advance the project. WGM agrees the program and budget is reasonable. The estimated cost breakdown for the program is presented in the following Proposed Estimated Budget Table.

The first phase of drilling includes six holes 500 m to 650 m long for an aggregate of 3,500 m to test the east dip of the iron formation on the north south limb of Eagle Island. This program should be done this winter, when the lake is frozen. The other eight proposed drill holes for a total of 2,600 m will test the dip and some possible extensions of the iron formation on Eagle Island. WGM believes considerable more drilling is warranted and it mainly can be done from the ice.

#### **Proposed Estimated Budget**

Task	Costs (C\$)
<b>Phase I Program</b>	
Drilling 3,500 m @\$200/m excluding assays and testwork	C\$700,000
Assays for drill program including QA/QC 900 @ \$110/sample	99,000
Airborne Geophysics 930 line km @ \$122/km	104,000
Geological Mapping, Trench cleanout/mapping	150,000
Metallurgical testwork and Consulting	152,000
Environmental Baseline Studies	100,000
Preliminary Economic Assessment	<u>60,000</u>
Subtotal	1,365,000
Contingency 15%	<u>205,000</u>
Subtotal	1,570,000
Office, general and administrative expenses	<u>920,000</u>
<b>Total Phase I</b>	<b>C\$2,490,000</b>
<b>Phase II Program</b>	
Drilling 2,600 m @ \$200/m excluding assays	520,000
Assays for Phase II drill program including QA/QC 700 @ \$110/sample	<u>77,000</u>
Subtotal	597,000
Contingency 15%	<u>90,000</u>
<b>Total Phase II</b>	<b>C\$687,000</b>

The proposed airborne geophysics is a high resolution Heli-mag survey. Acquisition will include high resolution aero magnetic and VLF-EM data. Traverse line will be oriented mostly north-south with a spacing of 100 m. The survey will also include six east-west oriented control lines. Over the north part of Eagle Island, where the iron formation trends north south, a second set of survey lines spaced at 100 m intervals will be run in an east-west direction.

The trenching on Eagle Island will include two trenches of 300 m length across the larger part of the iron ore formation.

### ***Updates to Exploration Information***

Where appropriate, certain information contained or incorporated by reference in the AIF updates information derived from the Technical Report. Any updates to the scientific or technical information derived from the Technical Report and any other scientific or technical information contained or incorporated by reference in AIF was prepared by or under the supervision of Gilles Filion, M.Sc.A., P.Eng. Mr. Filion is a qualified person for the purposes of NI 43-101.

In June 2011, the Company initiated an airborne geographical survey on its Western Lake St. Joseph Property and its Root Lake project. Results were released in October 2011 on those two projects, as well as the Company's Doran Lake project. The surveys were designed to better define the known iron deposits and to locate new zones of magnetic mineralization on the properties using current geographical techniques which can detect magnetic mineralization to depths in excess of 400 metres. The results significantly enhanced the Company's understanding of the areas and not only showed increases in the size of the known deposits but also additional mineralized zones.

In November 2011, the Company announced initial results of a drill program at its Main North Zone at Eagle Island-524 metres at 29.93% total iron. The drill hole extended the mineralization to a vertical depth of 564 metres, nearly 200 metres deeper than the outlined resource identified in Watts, Griffis' estimate from January 26, 2011. As well the true width at the depth of the hole was estimated to be approximately 495 metres, nearly 100 metres wider than the mineralized zone at the surface.

On February 2, 2012, the Company announced additional results of its drill program at its Western Lake St. Joseph Project. Drill hole EI-110 in the Southwest Extension at Fish Island (3 km west of the Main Zone at Eagle Island) intersected 470.6 metres (248 metres estimated true width) with an average grade of 29.2% total iron, including 132 metres (69 metres estimated true width) grading 37.02% total iron and 234.5 metres (130 metres estimated true width) grading 33.82% total iron. The first drill hole by Rockex in the Southwestern Extension at Fish Island indicated that the iron mineralization reaches a vertical depth of 390 metres. Historical records show the Fish Island Deposit was tested only to a depth of 180 metres and was estimated to hold 258 million tons with a grade of 33% soluble iron. *(This historical estimate pre-dated NI 43-101 and, accordingly, is not compliant with the requirements of NI 43-101. No qualified person has done sufficient work to classify the historical estimate as current resources or reserves. As a result, the historical estimate cannot be relied upon. Rockex is not treating the historical estimate as current mineral resources or mineral reserves.)* The Company also announced three additional holes in the Southeast Extension at Eagle Island, the best hole of which was 337 metres of 27.7% total iron (262 metres estimated true width).

For additional information on the drilling results summarized above, please see the Company's press releases dated November 30, 2011 and February 2, 2012, which are available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **3.7 Risk Factors**

An investment in securities of the Company is highly speculative and involves significant risks. Any prospective investor should carefully consider the risk factors and all of the other information contained below and elsewhere in this AIF (including, without limitation, the documents incorporated by reference). If any of the events contemplated in the risk factors described below or in the documents incorporated by

reference actually occur, the Company's business may be harmed and its financial condition and results of operation may suffer significantly. In that event, the trading price of the Common Shares could decline, and investors in the Company's securities may lose all or part of their investment. The risks described herein and in the documents incorporated by reference are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also materially and adversely affect its business.

### ***Nature of Mineral Exploration and Mining***

At the present time, Rockex does not hold any interest in a mining property in production. All of the Company's properties are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration and metallurgical results are obtained. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. Rockex's viability and potential for success lie in its ability to develop, exploit and generate revenue out of mineral deposits. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on exploration properties in which Rockex has an interest will result in a profitable commercial mining operation.

The operations of Rockex are subject to all of the hazards and risks normally incidental to exploration and development of mineral properties, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage. The activities of Rockex may be subject to prolonged disruptions due to weather conditions depending on the location of operations in which Rockex has interests. Hazards, such as unusual or unexpected formation, rock bursts, pressures, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While Rockex may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks are such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which Rockex cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of Rockex and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as its size and grade, recoverability of minerals, costs of processing, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in Rockex not receiving an adequate return on invested capital.

### ***Potential Land Claims – First Nations Groups***

The Company conducts its operations in Northern Ontario in areas subject to First Nations land claims. Aboriginal claims to lands, and any conflicting claims to traditional rights between aboriginal groups, may have an impact on Rockex's ability to develop its properties. The boundaries of the traditional territorial claims by these groups, if established, may impact the areas which constitute the Company's properties. Mining licences and their renewals may be affected by land and resource rights negotiated as part of any settlement agreements entered into by governments with First Nations.

Pursuant to section 35 of The Constitution Act of 1982, the Federal and Provincial Crowns have a duty to consult Aboriginal peoples and, in some circumstances, a duty to accommodate them. When development is proposed in an area to which an Aboriginal group asserts Aboriginal rights and titles, and a credible claim to such rights and titles has been made, a developer may be required by the Crown to conduct consultations with Aboriginal groups which may be affected by the project and, in some circumstances, accommodate them.

The development and the operation of the Company's properties may require the conclusion of impact and benefit agreements ("IBAs") and/or other agreements with the affected First Nations. As a result of the IBAs or of other agreements, the Company may incur significant obligations, financial or others, toward affected First Nations. The negotiation of such IBAs may also significantly delay the advancement of the properties. The affected First Nations with respect to the development of the Western Lake St. Joseph Property include the Mishkeegogamang First Nation and the Slate Falls First Nation. There can be no assurance that the Company will be successful in reaching an IBA or other agreement with First Nations groups who may assert Aboriginal rights or may have claims which affect the Western Lake St. Joseph Property or the Company's Other Properties.

### ***Financing Risks***

The mineral properties of the Company are in the exploration and development stage and, as a result, the Company has no source of operating cash flow. The exploration and development of the Company's properties depends on the ability of the Company to obtain financing. Rockex has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although Rockex has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that Rockex will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of Rockex with the possible dilution or loss of such interests.

### ***Infrastructure***

Some of the Company's properties are located in relatively remote areas at some distance from existing infrastructure. Active mineral exploitation at any such properties would require building, adding or extending infrastructure, which could add to time and cost required for mine development.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on its properties, Rockex will need to negotiate and conclude various agreements for various infrastructure requirements, including for transportation and utility providers. These are important determinants affecting capital and operating costs. The Company has no agreements with transportation companies necessary for the transportation and handling of any future production of iron products and there can be no assurance that agreements on acceptable terms will be concluded. The inability to conclude any such agreements could have a material adverse effect on the Company's results of operations and financial condition and on its ability to produce or market any products from the projects.

In addition, there is no certainty that the Company will be able to access sources of power on economically feasible terms and this could have a material adverse effect on the Company's results of operations and financial condition.

### ***No Significant Revenues***

To date, Rockex has not recorded any revenues, other than interest income, and it has no dividend record. Rockex has not commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that Rockex will be profitable in the future. Rockex's operating expenses and capital expenditures may increase in subsequent years as consultants, personnel and

equipment costs associated with advancing exploration, development and commercial production of Rockex's properties increase. Rockex expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of Rockex's properties will require the commitment of substantial resources to conduct time consuming development. There can be no assurance that Rockex will generate any revenues or achieve profitability.

### ***Current Global Financial Condition***

Global financial markets experienced extreme and unprecedented volatility and disruption in 2008 and 2009. World economies experienced a significant slowdown in 2008 and 2009 and only slowly began to recover late in 2009, through 2010 and into 2011, although the strength of recovery has varied by region and by country. In the latter half of 2011, debt crises in certain European countries and other factors adversely affected the recovery. These conditions have resulted and may continue to result in a reduction in demand for various resources and raw materials. As a result, access to public financing has been negatively impacted. These factors may impact the ability of Rockex to obtain equity or debt financing in the future on favourable terms. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market fluctuations continue, Rockex's operations could be adversely impacted and the trading price of its Common Shares may be adversely affected.

### ***Dilution and Future Sales of Common Shares***

Rockex may issue additional shares in the future, which would dilute a shareholder's holdings in Rockex. Rockex's articles permit, among other things, the issuance of an unlimited number of Common Shares.

### ***Rockex is Primarily Focussed on the Western Lake St. Joseph Property***

The Company is focusing much of its resources on developing its Western Lake St. Joseph Property. Any adverse development affecting the Western Lake St. Joseph Property could have a material adverse effect on the Company's business, prospects, financial performance and results of operations.

### ***Joint Ventures and Option Agreements***

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties through options, joint ventures or other structures, thereby allowing for participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also be the case that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. Rockex may enter into option agreements and joint ventures as a means of gaining property interests and raising funds. Any failure of any option or joint venture partner to meet its obligations to Rockex or to other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on such agreements. In addition, Rockex may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements. In determining whether or not Rockex will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Rockex may be exposed and its financial position at that time. In some of those arrangements, failure of a participant to fund its proportionate share of the ongoing costs could result in its proportionate share being diluted and possibly eliminated.

### ***.Going Concern***

Values attributed to Rockex's assets may not be realizable, Rockex has a limited history and its ability to continue as a going concern depends upon a number of significant variables. The amounts attributed to Rockex's exploration properties in its financial statements represent acquisition and exploration costs and should not be taken to represent realizable value. Further, Rockex has no proven history of performance,

revenues, earnings or success. As such, Rockex's ability to continue as a going concern is dependent upon the existence of economically recoverable resources, the ability of Rockex to obtain the necessary financing to complete the development of its interests and future profitable production or, alternatively, upon Rockex's ability to dispose of its interests on a profitable basis.

#### ***Dependence on Key Personnel***

Rockex is dependent on a relatively small number of key individuals, the loss of any of whom could have an adverse effect on its operations. Rockex currently does not have key person insurance on these individuals.

#### ***No Assurance of Titles***

The acquisition of title to mineral projects is a very detailed and time consuming process. Although Rockex has taken precautions to ensure that legal title to its property interests is properly recorded in the name of Rockex where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interests of Rockex in any of its properties may not be challenged or impugned by third parties or by First Nations or other Aboriginal groups.

#### ***Permits and Licences***

The operations of Rockex require licences and permits from various governmental authorities. Rockex believes that it presently holds all necessary licences and permits required to carry on with activities which it is currently conducting under applicable laws and regulations and Rockex believes it is presently complying in all material respects with the terms of such licences and permits. However, such licences and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that Rockex will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations at its projects.

#### ***Fluctuating Prices***

Factors beyond the control of Rockex may affect the marketability of any iron or other minerals discovered. Resource prices have fluctuated widely and are affected by numerous factors beyond Rockex's control. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Rockex not receiving an adequate return on invested capital and a loss of all or part of an investment in securities of Rockex may result.

#### ***Estimates of Mineral Resources***

The Company's properties are in the exploration stage and there are no known commercial quantities of mineral reserves (as such term is defined in NI 43-101) on the Company's properties.

Although the mineral resource estimates regarding the Company's properties included or incorporated by reference herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that any particular level of recovery of iron or other minerals will in fact be realized or that an identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be economically exploited. Additionally, no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Estimates of mineral resources can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ dramatically from that indicated by results of drilling, sampling and other similar examinations. Short term factors relating to mineral resources, such as the need for orderly development of ore bodies or the



processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineral resources are reported as general indicators of mine life. Mineral resources should not be interpreted as assurances of potential mine life or of the profitability of current or future operations. There is a degree of uncertainty attributable to the calculation and estimation of mineral resources and corresponding grades. Until ore is actually mined and processed, mineral resources and grades must be considered as estimates only. In addition, the quantity of mineral resources may vary depending on mineral prices. Any material change in resources or mineral resources, or grades or stripping ratios will affect the economic viability of Rockex's projects.

### ***Foreign Exchange***

Iron ore is sold in U.S. dollars; thus the Company is subject to foreign exchange risks relating to the relative value of the Canadian dollar as compared to the U.S. dollar. To the extent that the Company generates revenues upon reaching the production stage on its properties, it will be subject to foreign exchange risks as revenues will be received in U.S. dollars while operating and capital costs will be incurred primarily in Canadian dollars. A continuing decline in the U.S. dollar would result in a decrease in the real value of the Company's future revenues and adversely impact the Company's future financial performance.

### ***Dependence on Outside Parties***

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

### ***Reduced Global Demand for Steel or Interruptions in Steel Production***

The global steel manufacturing industry has historically been subject to fluctuations based on a variety of factors, including general economic conditions and interest rates. Fluctuations in the demand for steel can lead to similar fluctuations in iron ore demand. A decrease in economic growth rates could lead to a reduction in demand for iron ore. Any decrease in economic growth or steel consumption could have an adverse effect on the demand for iron ore and consequently on the Company's production and financial performance.

### ***Availability of Reasonably Priced Raw Materials and Mining Equipment***

In order to go into production, the Company will require a variety of raw materials in its business as well as a wide variety of mining equipment. To the extent these materials or equipment are unavailable or available only at significantly increased prices, the Company's future production plans and financial performance could be adversely impacted.

### ***Volatility of Stock Price***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company's securities will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility.

### ***Rockex's Activities are Subject to Extensive Governmental Regulation***

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of aboriginal peoples and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters. Such laws and regulations could increase the cost of development and the cost of operations or could delay or even prevent the development of parts or the whole of some projects.

### ***Environmental Regulations***

The operations of Rockex are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving toward stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations.

Rockex's operation is subject to environmental regulation primarily by the Ministry of Environment (Ontario). In addition, the Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have regulatory jurisdiction and an enforcement role in the event of environmental incidents.

### ***Conflicts of Interest***

The directors and officers of Rockex may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of Rockex. In the event that such a conflict of interest arises at a meeting of the directors of Rockex, a director is required by the OBCA to disclose the conflict of interest and to abstain from voting on the matter.

### ***Competition***

The mineral exploration and mining business is competitive in all of its phases. Rockex competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Rockex, in the search for and acquisition of attractive mineral properties. The ability of Rockex to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that Rockex will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

### ***Production***

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained or continued, or that any such production which is attempted will be profitable. The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide

such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if the Company places its resource properties into production.

### ***Lags***

The Company is unable to predict the amount of time which may elapse between the date when any new mineral resource may be discovered and the date when production will commence from any such discovery.

### ***Speculative Nature of the Securities of the Company***

The securities of the Company are speculative in nature due to the Company's activities. Mineral exploration is highly speculative and involves material risks. The securities of the Company are more suited to persons who can accept the risks inherent in holding shares of a mineral exploration company. No guarantee can be given that an economically viable deposit will be discovered.

### **3.8 Environmental Protection**

The Company does not currently have to pay any material expenses related to environmental protection requirements; however, it may have to incur such expenses in the future. As the Company's properties move closer to commercial production, the Company may have to pay for expenses related to environmental protection, such as bonding, reclamation, closure or insurance costs.

### **3.9 Social and Environmental Policies**

The Company does not currently have any formal, written social or environmental policies in place; however, the Company anticipates implementing such policies as the Company's properties move closer to commercial production.

### ***Regional Economic Impact Study***

The Company has initiated the preparation of a regional economic impact study on its Eagle Island deposit located within the Western Lake St. Joseph Property. The Company's plans on which the study is to be based contemplate an iron mine producing 20 to 25 million tonnes of iron ore per year and a processing plant which produces approximately 5 to 10 million tonnes of iron concentrate with a grade of 65-67% iron. The economic impact measurements would include the annual overall economic impact on the region, the annual number of direct and indirect jobs created in the region and the overall tax impact for governments including property, income and sales taxes.

### ***Community Relations***

The Company continues to maintain and expand its community relations programs based on effective communication and support for local initiatives. The Company's representatives have had meetings with various local communities around the Lake St. Joseph area, including meetings with Chiefs, Council members, consultants and other advisors of various First Nations, and the Company will be continuing and further developing these positive working relationships.

## **ITEM 4. DIVIDENDS**

There are no restrictions in the Company's Articles or elsewhere which prevent the Company from paying dividends. All Common Shares are entitled to an equal share in any dividends declared and paid. The Company has not paid any dividends on its Common Shares since incorporation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## ITEM 5. DESCRIPTION OF CAPITAL STRUCTURE

### 5.1 General Description of Share Capital

The authorized capital of the Company consists of an unlimited number of Common Shares, an unlimited number of first preferred shares issuable in series, an unlimited number of second preferred shares issuable in series and an unlimited number of special shares issuable in series. Rockex has not issued any first preferred shares, second preferred shares or any special shares. As of December 31, 2011, there were 46,920,140 Common Shares issued and outstanding. As at March 29, 2012, the Company has not issued any additional Common Shares.

Holder of Common Shares are entitled to dividends if, as and when declared by the board of directors of the Company, to one vote per share at meetings of shareholders and to receive, upon dissolution or winding up of the Company, the assets of the Company remaining after payments to creditors and holders of shares ranking prior to the Common Shares, if any.

### 5.2 Warrants

As at December 31, 2011, there were 1,914,111 warrants outstanding. Since December 31, 2011, the Company has not issued any additional warrants. As at the date of the Annual Information Form, there were 1,914,111 warrants outstanding entitling the holders to purchase Common Shares of the Company at various prices over various periods of time, as follows:

<b>Date of Issuance</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
January 1, 2011	63,000	\$1.15	June 30, 2012
February 3, 2011	1,163,111	\$1.15	August 3, 2012 <sup>(1)</sup>
February 4, 2011	448,000	\$1.15	August 3, 2012 <sup>(1)</sup>
December 23, 2011	240,000	\$0.60	June 23, 2013 <sup>(1)</sup>

Notes:

(1) or earlier in certain circumstances as set forth in the warrant certificates.

### 5.3 Finder's Warrants

As at the date of the Annual Information Form there were 402,947 finder's warrants outstanding entitling the holders to purchase Common Shares of the Company at various prices over various periods of time, as follows:

<b>Date of Issuance</b>	<b>Number of Finder's Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
January 1, 2011	197,266	\$0.90	June 30, 2012
February 3, 2011	118,881	\$0.90	August 3, 2012
December 23, 2011	60,000	\$0.60	June 23, 2013
December 30, 2011	26,800	\$0.60	June 30, 2013

## 5.4 Stock Options

### *Incentive Stock Option Plan*

The Company has established a Stock Option Plan to provide incentive compensation to the Company's directors, officers, employees and consultants.

The Stock Option Plan is administered by the board of directors of the Company. Stock options may be granted at any time to any director, senior officer, key employee or other person providing services to the Company, taking into consideration his or her contribution to the success of the Company and any other factor which the board of directors of the Company may deem proper and relevant. The aggregate number of Common Shares which may be reserved for issuance pursuant to the Stock Option Plan and any other share compensation arrangements of the Company will not exceed 10% of the total number of issued and outstanding Common Shares (calculated on a non-diluted basis) from time to time.

Stock options granted under the Stock Option Plan are exercisable over a period not exceeding ten years, subject to earlier cancellation upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, senior officer, director or consultant of the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying.

The stock options are non-assignable and non-transferable. The Stock Option Plan contains provisions for adjustment in the number of shares issuable in the event of a subdivision, consolidation, reclassification or change of the Common Shares, or a merger or other relevant changes in the Company's capitalization. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of stock options granted thereunder.

As at December 31, 2011, the Company had 3,575,000 stock options granted, outstanding and unexercised under the Stock Option Plan. Since that time, no options have been exercised and no additional options were granted. Accordingly, as at the date of the Annual Information Form there are 3,575,000 options currently outstanding with various expiry dates and exercise prices as follows:

<b>Date of Grant</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
January 1, 2011	40,000	\$0.90	January 1, 2014
March 14, 2011	3,285,000	\$1.00	March 14, 2016
May 24, 2011	250,000	\$0.60	May 23, 2016

## ITEM 6. MARKET FOR SECURITIES

### 6.1 Trading Price and Volume

The trading information chart below chronicles the Company's trading history on the TSX from March 7, 2011 (the date when the Common Shares of the Company were listed on the TSX) up to and including December 31, 2011.

#### Toronto Stock Exchange

#### Share Price Trading Range

(Canadian dollars per share)

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<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Share Volume</u>
March 2011	1.14	0.85	0.87	364,800
April 2011	0.98	0.60	0.62	718,800
May 2011	0.69	0.47	0.51	248,500
June 2011	0.52	0.41	0.42	337,100
July 2011	0.47	0.38	0.44	220,800
August 2011	0.45	0.41	0.42	280,300
September 2011	0.43	0.30	0.30	498,500
October 2011	0.44	0.27	0.41	250,900
November 2011	0.55	0.41	0.49	348,900
December 2011	0.50	0.36	0.40	189,000

#### ITEM 7. ESCROWED SECURITIES

To the Company's knowledge, no securities are held in escrow or are subject to contractual restrictions on transfer, other than pursuant to the escrow agreement dated February 28, 2011 among the Company, Computershare Trust Company of Canada, as escrow agent, and certain securityholders of the Company (the "TSX Escrow Agreement"). Accordingly, as at the date of the Annual Information Form the following securities are still held in escrow as per the TSX Escrow Agreement:

<b>Designation of Class</b>	<b>Number of securities held in escrow or that are subject to a contractual restriction on transfer</b>	<b>Percentage of Class</b>
Common Shares	7,756,506 <sup>(1)</sup>	16.53%
Warrants	1,875 <sup>(1)</sup>	0.097% <sup>(2)</sup>

Notes:

- (1) These securities will be released from escrow on September 7, 2012
- (2) As of December 31, 2011, 1,914,111 warrants were issued and outstanding.

#### ITEM 8. DIRECTORS AND OFFICERS

##### 8.1 Name, Position, Occupation and Security Holding

Directors of the Company hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.

<b>Name and Municipality of Resident</b>	<b>Position with the Company</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Director or Officer since</b>	<b>Common Shares held Directly or Indirectly<sup>(2)</sup></b>
Pierre Gagne <sup>(4)</sup> Thunder Bay, Ontario, Canada	Secretary, Chief Operating Officer, Chairman of the Board and Director	President of Pierre Gagne Contracting Ltd. (a heavy civil construction company for mining and marine industries)	January 1, 2011	26,356,700 (56.17%)

<b>Name and Municipality of Resident</b>	<b>Position with the Company</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Director or Officer since</b>	<b>Common Shares held Directly or Indirectly<sup>(2)</sup></b>
Sam Garofalo <sup>(5)</sup> Thunder Bay, Ontario, Canada	Chief Financial Officer and Vice- President Finance	Chartered Accountant	January 1, 2011	605,835 (1.29%)
Donald A. Sheldon <sup>(4)</sup> Toronto, Ontario, Canada	Chief Executive Officer and Director	Lawyer and Executive Officer of Sheldon Huxtable Professional Corporation (a law firm)	January 1, 2011 (director) February 28, 2011 (officer)	930,000 (1.98%)
Michael Borovec Ajax, Ontario, Canada	Vice- President – Investor Relations	Self-employed Consultant	May 24, 2011	Nil
Chris Dougherty <sup>(5)</sup> Thunder Bay, Ontario, Canada	Director	President of Nordmin Engineering Ltd. (a mining engineering consulting company)	January 1, 2011	603,600 (1.28%)
Gilles Filion <sup>(4)</sup> Mississauga, Ontario, Canada	Director	Professional Geologist	January 1, 2011	780,000 (1.66%)
Jonathan Tondeur <sup>(3) (5)</sup> London, Ontario, Canada	Director	Senior Partner, Vice-President, Surety at Stevenson & Hunt Insurance Brokers Ltd (an insurance brokerage firm)	January 1, 2011	2,374,090 (5.05%)

<b>Name and Municipality of Resident</b>	<b>Position with the Company</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Director or Officer since</b>	<b>Common Shares held Directly or Indirectly<sup>(2)</sup></b>
Bruce Reid <sup>(3)</sup> Toronto, Ontario, Canada	Director	President and Chief Executive Officer of Carlisle Goldfields Limited (a mineral exploration company)	March 4, 2011	200,000 (0.42%)
Armando Plastino <sup>(3)</sup> Sault Ste. Marie, Ontario, Canada	Director	CEO (retired) Essar Steel Algoma Inc. (a company manufacturing and selling steel products)	March 14, 2011	400,000 (0.85%)
Steven Dunn Toronto, Ontario, Canada	Vice-President, Corporate Development	President and Chief Executive Officer of Crown Gold Corporation (a mineral exploration company)	January 1, 2011 to January 1, 2012	251,000 (0.53%)

Notes:

- (1) As at the date of the Annual Information Form.
- (2) As at the date of the Annual Information Form, based on reports filed on the System for Electronic Disclosure by Insiders.
- (3) Member of the Company's audit committee.
- (4) Member of the Company's compensation committee.
- (5) Member of the Company's corporate governance committee.

As at December 31, 2011 and as at the date of the Annual Information Form, the directors and executive officers of the Company as a group beneficially owned or controlled, directly or indirectly 32,501,225 Common Shares in the capital of the Company, representing approximately 69.26% of the issued and outstanding Common Shares.

## **8.2 Employment History**

*Pierre Gagné* is the Chairman of the Board and the Secretary of the Company, as well as a Director. Mr. Gagné is President of Pierre Gagné Contracting Ltd. in Thunder Bay, Ontario. Mr. Gagné is currently a director of MetalCorp Limited (a mineral exploration company whose shares are listed on the TSXV) and he was the Vice-President, Operations of Carlisle Goldfields Limited (a mineral exploration company whose shares are listed on the TSX). Mr. Gagné has extensive experience in heavy construction contracting in the mining sector. In 2010, Mr. Gagné's contracting company completed the first section of the new mineshaft at the Musselwhite gold mine in northwestern Ontario. In the past 25 years, Mr. Gagné has completed major projects in the mining and exploration sector and numerous infrastructure projects in the First Nations communities and elsewhere in northwestern Ontario, Manitoba, Saskatchewan and other locations.



**Sam Garofalo** is the Vice-President, Finance and Chief Financial Officer of the Company. Mr. Garofalo is currently Vice President Finance and Chief Financial Officer of MetalCorp Limited (a mineral exploration company whose shares are listed on the TSXV). Mr. Garofalo holds an H.B. Comm from Lakehead University in Thunder Bay, Ontario. Mr. Garofalo has been a professor of accounting at Confederation College in Thunder Bay from 1982 to the present. He holds the designation of Chartered Accountant from the Institute of Chartered Accountants of Ontario and the designation of Certified Management Accountant from the Institute of Certified Management Accountants of Ontario. Mr. Garofalo has seven years of experience as an auditor with Ernst and Young LLP and 20 years of experience as CFO for several private companies.

**Chris Dougherty** is a Director of the Company. Mr. Dougherty is President of Nordmin Engineering Ltd. in Thunder Bay, Ontario and President and director of MetalCorp Limited (a mineral exploration company whose shares are listed on the TSXV). Mr. Dougherty is a Professional Engineer with 23 years of experience in the mining industry. He has directed the design of mining facilities in various jurisdictions around the world. Starting as a drafter and surveyor with INCO in 1987, Mr. Dougherty has worked progressively through positions of increasing responsibility, up to the founding in 2005 of Nordmin Engineering Ltd., an engineering consulting company dedicated to serving the mining industry. Mr. Dougherty received a Diploma in Technology from Cambrian College in Sudbury in 1991, and a Bachelor of Engineering from Lakehead University in Thunder Bay in 1994.

**Donald A. Sheldon** is the Chief Executive Officer of the Company, as well as a Director. Mr. Sheldon is also the Executive Officer of Sheldon Huxtable Professional Corporation (a law firm). He has been advising mining and mineral exploration company clients for over 30 years on a wide array of legal issues, including issues relating to corporate finance, mergers and acquisitions, securities law, corporate governance and regulatory compliance. He is currently a director of Champion Minerals Inc. (a mineral exploration company whose shares are listed on the TSX), the Corporate Secretary and a director of Carlisle Goldfields Limited (a mineral exploration company whose shares are listed on the TSX), the Chief Executive Officer, Secretary and a director of MetalCorp Limited (a mineral exploration company whose shares are listed on the TSXV), a director of Goldtrain Resources Inc. (a company whose shares are listed on the CNSX) and a director of Crown Gold Corporation (a mineral exploration company whose shares are listed on the TSXV). Mr. Sheldon received a B.A.Sc. in 1970 and an M.A.Sc. in 1972 from the University of Toronto, as well as an LL.B from the Osgoode Hall School of Law in 1974. He is licensed to practise law in Ontario and Alberta. He has also been a professional engineer since 1973.

**Gilles Filion** is a Director of the Company. Mr. Filion is the former Vice-President, Exploration of Goldcorp Inc. (a mineral exploration company whose shares are listed on the TSX) from 1998 to 2005 and was Vice-President, Exploration of Lexam Exploration Inc. (a mineral exploration company whose shares are listed on the TSXV) from 1998 to 2008. Mr. Filion is currently a Director of MetalCorp Limited (a mineral exploration company whose shares are listed on the TSXV) and a Special Geological Advisor to the board of directors of Carlisle Goldfields Limited (a mineral exploration company whose shares are listed on the CNSX).. While at Goldcorp, Mr. Filion oversaw the discovery and development of the new high-grade gold zones at Red Lake and continued as Vice-President, Exploration through Goldcorp's dramatic growth until his retirement a few years ago. Mr. Filion holds a B.Sc. Eng. and a M.Sc.A. from Ecole Polytechnique in Montreal and is a member of the Order of Engineers of Quebec.

**Jonathan Tondeur** is a Director of the Company. Mr. Tondeur is a Senior Partner, Vice-President, Surety at Stevenson & Hunt Insurance Brokers Ltd. Mr. Tondeur holds a P. Eng. and is a graduate of the University of Guelph, Ontario. Mr. Tondeur has 20 years of experience in construction and mining and is currently focusing on both clients and mergers and acquisitions at Stevenson & Hunt Insurance Brokers Ltd.

**Bruce Reid** is a Director of the Company. Mr. Reid is also the President, Chief Executive Officer and a Director of Carlisle Goldfields Limited. Mr. Reid was also the President and Chief Executive Officer of U.S. Silver Corp. (a mining company) from June 2006 to November 2009 as well as Vice-President, Corporate Finance of Research Capital (an investment dealer) from 2002 to 2006. Mr. Reid brings to the Company extensive experience in corporate finance and in the mining and mineral exploration industry.

His background includes more than 30 years of direct and indirect experience in the mining and mineral exploration industry following graduation with a B.Sc. in Geology from the University of Toronto in 1979 and a finance degree from the University of Windsor in 1982.

**Armando Plastino** is a Director of the Company. Mr. Plastino is currently retired from Essar Steel Algoma Inc. He was the Chief Executive Officer of Essar Steel Algoma Inc. from April 2009 to December 2010 and a Chief Operating Officer from April 2008 to April 2009. He also was the Vice-President Operations of Algoma Steel Inc. (a company whose shares are listed on TSX) from March 2001 to June 2007. Mr. Plastino holds a degree in Electrical Engineering Technology from the Ryerson University since 1972.

**Michael Borovec** is the Vice-President –Investor Relations of the Company. Mr. Borovec is a self employed consultant with experience in investor relations. Mr. Borovec received a B.A. Degree in 2005 from the York University and a Business Management Diploma in 1999 from the Humber College.

**Stephen Dunn** was the Vice-President, Corporate Development of the Company from January 1, 2011 to January 1, 2012. Mr. Dunn has over 30 years experience in the investment industry having worked with a large Canadian insurance company, a Canadian Schedule A bank, and two different Canadian investment dealers. He has extensive experience in the capital markets and has been a director of two different resource companies. Mr. Dunn earned his B.A. and his M.B.A. from the University of Western Ontario. Mr. Dunn is a director, Chief Executive Officer and President of Crown Gold Corporation (a mineral exploration company whose shares are listed on the TSXV) and of Wamco Technology Group Ltd.

### **8.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as set out below, to the knowledge of the Company, no director, executive officer or Significant Shareholder has, as of the date of the Annual Information Form, been, within ten (10) years before the date of the Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Company) that, (a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days, and that was issued while the director, executive officer or Significant Shareholder was acting in the capacity of director, chief executive officer (“CEO”) or chief financial officer (“CFO”), or (b) was subject to an order that was issued after the director, executive officer or Significant Shareholder ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity of director, CEO or CFO.

To the knowledge of the Company, no director, executive officer or Significant Shareholder (a) is, at the date of the Annual Information Form, or has been, within ten (10) years before the date of the Annual Information Form, a director or executive officer of any company (including the Company), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (b) has, within the ten (10) years before the date of the Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or Significant Shareholder.

Other than as follows, to the knowledge of the Company, no director, executive officer or Significant Shareholder of the Company has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in making an investment decision.

**Donald A. Sheldon.** Mr. Sheldon was an officer and director of Redbird Gold Corp. which was the subject of a cease-trade order issued by the Alberta Securities Commission on June 24, 1999 for failure to file

current financial statements. Up-to-date financial statements were filed and the cease-trade order was revoked in connection with the reorganization of Redbird Gold Corp. to become MetalCorp Limited in 2002.

#### **8.4 Conflicts of Interest**

Other than as described herein or in the Company's financial statements available on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com), there are no material transactions with or involving the directors, senior officers, promoters or principal holders of securities of the Company that have occurred during the year-ended December 31, 2012. A number of the Company's directors and officers also serve as directors and/or officers of companies which may enter into contracts with the Company in the future. In the event that this occurs, a conflict of interest may exist. Directors in a conflict of interest position are required to disclose such conflicts to the Company.

### **ITEM 9. LEGAL AND REGULATORY PROCEEDINGS**

#### **9.1 Legal Proceedings**

Management is not aware of any material legal proceedings, actual, contemplated or threatened to which the Company is a party or to which any of its property or assets is subject.

#### **9.2 Regulatory Proceedings**

Management is not aware of any material regulatory proceedings, actual, contemplated or threatened to which the Company is a party or to which any of its property or assets is subject.

### **ITEM 10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed herein, during the three most recently completed financial years or during the current financial year of the Company, to the knowledge of the Company, no director or executive officer of the Company, no shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the securities of the Company, and no associate or affiliate of any of them, has or had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect the Company.

### **ITEM 11. REGISTRAR AND TRANSFER AGENT**

The transfer agent and registrar of the Company is Computershare Trust Company of Canada, located at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1.

### **ITEM 12. AUDITORS**

The auditors of the Company are Grant Thornton LLP, Chartered Accountants located at 979 Alloy Drive, Thunder Bay, Ontario, P7B 5Z8.

### **ITEM 13. MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the Company's material contractual obligations and commitments:

- (a) a 2% net smelter return royalty agreement dated May 30, 2008, between Rockex and Pierre Gagné in respect of the sale of any and all minerals (other than iron) mined and processed from the Property (as such term is defined in such agreement); and

- (b) a 2% iron royalty agreement dated May 30, 2008, between Rockex and Pierre Gagné in respect of the sale of any and all iron mined and processed from the Property (as such term is defined in such agreement).

Copies of the above contracts are available for viewing, free of charge, on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com)

#### ITEM 14. INTERESTS OF EXPERTS

The following persons and companies have prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made by the Company under NI 51-102 during, or relating to, the financial year of the Company ended December 31, 2011 or to date:

Grant Thornton LLP, Chartered Accountants  
Mr. Michael W. Kociumbas, P.Geo., Mr. Richard W. Risto, P.Geo. and Mr. G. Ross MacFarlane,  
P.Eng. of Watts, Griffis

Grant Thornton LLP, the external auditors of the Company, reported on the 2011 financial statements. Grant Thornton LLP has advised the Company that it is independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Michael W. Kociumbas, P.Geo., Richard W. Risto, P.Geo. and G. Ross MacFarlane, P.Eng. of Watts, Griffis prepared the Technical Report (see "*Description of the Business - Mineral Projects*").

To the knowledge of the Company, after reasonable enquiry, none of the foregoing persons, beneficially owns, directly or indirectly, or exercises control or direction over any securities of the Company representing more than 1% of the outstanding Common Shares.

#### ITEM 15. AUDIT COMMITTEE

A copy of the Company's audit committee charter is attached as Appendix "A" to the Annual Information Form.

##### *Audit Committee Members and Relevant Experience and Qualifications*

The Audit Committee is comprised of Jonathan Tondeur, Bruce Reid and Armando Plastino, all of whom are financially literate and independent within the meaning NI 52-110.

A description of the education and experience of each audit committee member that is relevant to the performance of his responsibilities as an audit committee member is set out below.

**Jonathan Tondeur** – Mr. Tondeur has served as a director of the Company since January 1, 2011 and has the expertise to understand and evaluate financial statements that are prepared using principles applied to natural resources companies' financial statements and the internal controls required to accurately report the Company's financial position. Mr. Tondeur is a Senior Partner, Vice-President, Surety at Stevenson & Hunt Insurance Brokers Ltd., focusing on both clients and mergers and acquisitions.

**Bruce Reid** – Mr. Reid has served as a director of the Company since March 4, 2011 and has the expertise to understand and evaluate financial statements that are prepared using principles applied to natural resources companies' financial statements and the internal controls required to accurately report the Company's financial position. He has had experience with other resource companies, including currently as a President, Chief Executive Officer and a director of Carlisle Goldfields Limited, a publicly traded mining exploration company. From 2006 to 2009, he was also the President and Chief Executive Officer of U.S. Silver Corp. (a mining corporation) and from 2002 to 2006 has also acted as the Vice-President, Corporate Finance of Research Capital (an investment dealer).

**Armando Plastino** – Mr. Plastino has served as a director of the Company since March 14, 2011 and has the expertise to understand and evaluate financial statements that are prepared using principles applied to natural resources companies’ financial statements and the internal controls required to accurately report the Company’s financial position. He has had experience as the Chief Executive Officer of Essar Steel Algoma Inc. from April 2009 to December 2010 and Chief Operating Officer from April 2008 to April 2009. He also acted as the Vice-President Operations of Algoma Steel Inc. (a company whose shares were listed on TSX) from March 2001 to June 2007.

***Audit Committee Oversight***

At no time since the commencement of the Company’s most recently completed financial year has a recommendation of the audit committee of the Company to nominate or compensate an external auditor not been accepted by the board of directors of the Company.

***Auditor Service Fees (By Category)***

The aggregate fees billed by the Company’s external auditor in each of the last two financial years for audit and non-audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
December 31, 2011	\$23,000	\$6,825	\$1,000	\$22,480
December 31, 2010	\$15,000	N/A	\$1,000	\$2,348

**ITEM 16. CORPORATE GOVERNANCE COMMITTEE**

In order to ensure that the Company maintains transparent and robust corporate governance practices, the Company has established a Corporate Governance Committee which is comprised of Chris Dougherty, Sam Garofalo and Jonathan Tondeur.

The primary objectives of the Corporate Governance Committee are: (i) to develop the Company’s approach to the board of directors’ governance issues and the Company’s response to corporate governance guidelines and policies; (ii) to develop the Company’s approach to the ethical and social conduct of the Company in all jurisdictions in which it operates; and (iii) to help maintain an effective working relationship between the board of directors and management.

The Corporate Governance Committee conducts its affairs in accordance with the non-prescriptive guidelines of NP 58-201 and in compliance with the disclosure requirements set out in NI 58-101.

**ITEM 17. COMPENSATION COMMITTEE**

In order to determine the appropriate level of compensation to be paid to the Company’s executive officers, the Company has established a Compensation Committee which is comprised of Pierre Gagné, Gilles Filion and Donald Sheldon.

The primary objective of the Compensation Committee is to implement the Company’s compensation program. The program aims to reward individual contributions in light of overall business results, align the interests of the executives with the interests of the shareholders, provide executive officers with competitive compensation packages that encourage a long-term commitment to the Company’s objectives and to attract and retain the key executives necessary for the Company’s long-term success.

## ITEM 18. ADDITIONAL INFORMATION

Additional information relating to the Company may be found under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under Rockex's stock option plan, is contained in the Company's management information circular for its most recent annual meeting of shareholders, available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information is provided in the Company's annual financial statements and MD&A for the year ended December 31, 2011, which financial statements and MD&A are incorporated by reference into the Annual Information Form and form a part hereof.

The annual financial statements and MD&A for the year ended December 31, 2011 are available for viewing under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) (filed on March 30, 2012).

## APPENDIX “A”

### ROCKEX MINING CORPORATION

#### AUDIT COMMITTEE CHARTER

##### **Purpose of the Audit Committee**

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of Rockex Mining Corporation (the “**Corporation**”), more specifically, to foster communication between directors and external auditors, to enhance the independence of the external auditors and to represent the interests of shareholders through oversight of the external auditors on behalf of the shareholders.

It is the objective of the Committee to maintain free and open communications among members of the Board, the committees of the Board and the external auditors with respect to the financial management of the Corporation.

##### **Authority and Membership**

The Committee is established pursuant to the Corporation’s By-law No. 1 and section 158 of the *Business Corporations Act* (Ontario) (the “**Act**”).

The Committee shall be comprised of three (3) or more directors as determined from time to time by resolution of the Board. Subject to the provisions of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), each member of the Committee must be independent and financially literate. The meaning of “independent” and “financially literate” shall be determined by reference to NI 52-110, sections 1.4 to 1.6, inclusive, sections 3.1(3) and (4), and section 3.9. A person who is not financially literate may be appointed to the Committee, provided that the member becomes financially literate within a reasonable period of time following his or her appointment. Members of the Committee shall be elected by the Board annually or at such other time as may be determined by the Board.

The Chair of the Committee (the “**Chair**”) shall be designated by the Board, provided that if the Board does not so designate a Chair, the members of the Committee may, by majority vote, designate a Chair.

##### **Committee Responsibilities**

1. The Committee is responsible for having a written charter setting out its mandate and responsibilities.
2. The Committee is responsible for recommending to the Board:
  - (i) the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attesting services for the Corporation; and
  - (ii) the compensation of the external auditors.
3. The Committee is directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attesting services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting.
4. The Committee must pre-approve all non-audit services to be provided to the Corporation or any of its subsidiary entities by its external auditors.

5. The Committee must review the financial statements, Management's Discussion and Analysis ("MD&A") and annual and interim earnings press releases before the Corporation publicly discloses the information.
6. The Committee must be satisfied that adequate procedures are in place for the review of any disclosure of financial information extracted or derived from the financial statements, other than the public disclosure referred to in item 5 above, and must periodically assess the adequacy of those procedures.
7. The Committee is responsible for establishing procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) the confidential, anonymous submission by employees of the Corporation and others in respect of concerns regarding questionable accounting or auditing matters.
8. The Committee is responsible for reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

#### **Pre-Approval of *De Minimis* Non-Audit Services**

An audit committee satisfies the pre-approval requirement regarding non-audit services of the external auditor if:

- (a) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent (5%) of the total amount of fees paid by the Corporation and its subsidiary entities to the Corporation's external auditor during the fiscal year in which the services are provided;
- (b) the Corporation or the subsidiary entity of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
- (c) the services are promptly brought to the attention of the Committee of the Corporation and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

#### **Delegation of Pre-Approval Function**

1. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services in satisfaction of the pre-approval of non-audit services requirement.
2. The pre-approval of non-audit services by any member to whom authority has been delegated pursuant to item 1 above must be presented to the Committee at its first scheduled meeting following such pre-approval.

#### **Pre-Approval Policies and Procedures**

The Committee satisfies the pre-approval requirement in subsection 2.3(4) of NI 52-110 if it adopts specific policies and procedures for the engagement of the non-audit services, provided that:

- (a) the pre-approval policies and procedures are detailed as to the particular service;
- (b) the Committee is informed of each non-audit service; and
- (c) the procedures do not include delegation of the Committee's responsibilities to management.



## **Meetings of the Committee**

The Committee shall meet with such frequency and at such intervals as it shall determine to be necessary to carry out its duties and responsibilities, provided that the Committee meets at least once annually. The proceedings of all meetings must be minuted.

The Committee may invite such other persons to its meetings as it deems necessary.

The auditor of the Corporation or a member of the Committee may call a meeting of the Committee.

The auditor may attend Committee meetings, is entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, is entitled to attend and be heard thereat and, if requested by a member of the Committee, shall attend every meeting of the Committee held during the term of office of the auditor. The auditor of the Corporation shall be entitled to attend at the expense of the Corporation and be heard at meetings of the Board on matters relating to the auditors' duties.

The presence (in person or by telephone or other similar means) of a majority of the Committee's members shall constitute a quorum for any Committee meetings. All decisions of the Committee require the vote of a majority of its members present at a meeting at which a quorum is present.

## **Roles and Responsibilities**

### **1. Financial Reporting**

The Committee shall:

- (i) gain an understanding of the current areas of greatest financial risk and how management is managing them effectively;
- (ii) consider with the external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues;
- (iii) review significant accounting and reporting issues, including recent professional and regulatory pronouncements and understand their impact on the financial statements;
- (iv) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks and exposures;
- (v) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters;
- (vi) establish procedures for the confidential, anonymous submission by employees of the Corporation and others in respect of concerns regarding questionable accounting or auditing matters;
- (vii) review any legal matters which could significantly impact the financial statements; and
- (viii) review and recommend approval to the Board of:
  - prospectus-type documents
  - related news releases
  - information and earnings guidance provided to analysts and rating agencies.

### **2. Annual Financial Statements**

The Committee shall review the financial statements of the Corporation and shall report to the Board before such financial statements are approved by the Board under section 159 of the Act (respecting approval of financial statements by the Board). The Committee shall:

- (i) meet with management and the external auditors to review the financial statements and the results of the audit;

- (ii) review the annual audited financial statements prior to presentation to the Board and distribution to shareholders and determine whether they are complete and consistent with the information known to Committee members and assess whether the financial statements reflect appropriate accounting principles;
- (iii) recommend that the annual financial statements and all related documents be received and approved by the Board;
- (iv) review the financial reports and statements of the Corporation that require the approval of the Board prior to being submitted to any regulatory body;
- (v) be satisfied that adequate procedures are in place for the review of any disclosure of financial information extracted or derived from such financial statements and periodically assess the adequacy of those procedures;
- (vi) review complex and/or unusual transactions and judgmental areas such as significant claims and contingencies that could materially impact the Corporation's financial position;
- (vii) review MD&A of financial information in the annual report and the Annual Information Circular; and
- (viii) review all Related Party transactions.

### **3. Interim Financial Statements**

The Committee shall assess the fairness of the preliminary and interim statements and disclosures and obtain explanations from management and internal and external auditors on whether:

- (i) actual financial results for the interim period varied significantly from budgeted or forecasted results;
- (ii) changes in financial ratios and the relationships in the interim financial statements are consistent with changes in the Corporation's operations and financing practices;
- (iii) generally accepted accounting principles have been consistently applied;
- (iv) there are any actual or proposed changes in accounting or financial reporting practices;
- (v) there are any significant or unusual events or transactions; and
- (vi) the preliminary announcements and interim financial statements contain adequate and appropriate disclosures.

### **4. Risk and Uncertainty**

The Board, in consultation with management, identifies the principal business risks, decides on an acceptable level, approves related risk management policies and assigns oversight responsibilities to Board committees and the Board as a whole.

The Committee should annually obtain or request the external auditor's opinion of management's assessment of significant financial risks facing the Corporation and how effectively they are being managed or controlled.

### **5. Internal Control**

The Committee shall review the plans of the internal and external auditors to ensure the combined evaluation and testing of control is comprehensive, well-coordinated, cost-effective and appropriate to the risks, business activities and changing circumstances of the Corporation. The Committee shall:

- (i) review appointments of key people involved in financial reporting;
- (ii) review fraud prevention programs and monitor their implementation;
- (iii) review annual budget and management control procedures;
- (iv) evaluate whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management of risk and ensuring that all employees and others having roles in financial and other transactions have an understanding of their roles and responsibilities;
- (v) consider how management is held to account for the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown;
- (vi) gain an understanding of whether internal control recommendations made by the external auditors have been implemented by management; and
- (vii) review the process and procedures for officer certification of financial information.

The Committee has authority to communicate directly with the Corporation’s internal and external auditors.

**6. External Audit**

The Committee is directly responsible for engaging and overseeing the work of the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Corporation. The external auditors shall report all material issues or potentially material issues to the Committee. The external auditor shall report directly to the Committee, and the Committee has the authority to communicate directly with the external auditors of the Corporation.

The Committee shall:

- (i) review the external auditor’s proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope;
- (ii) review the performance of the external auditors;
- (iii) consider the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services retained by the Corporation;
- (iv) review the annual audit plan and fees proposed by the external auditors;
- (v) review the nature and extent of the liaison between the Corporation’s staff and the external auditors;
- (vi) ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis;
- (vii) report to the Board any conflict between the external auditors and management that the Committee has been unable to resolve within a reasonable period of time;
- (viii) review the draft audit opinion on annual financial statements;
- (ix) review the management representation letter provided to the external auditors;
- (x) meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately; and

- (xi) make recommendations to the Board regarding the external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation and their compensation.

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

## **7. Compliance with Laws and Regulations**

The Committee shall:

- (i) review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any fraudulent acts or non-compliance;
- (ii) obtain regular updates from management and others (e.g. internal and external auditors, legal counsel) concerning the Corporation's compliance with financial related laws and regulations such as:
  - tax and financial reporting laws and regulations.
  - legal, tax and withholding remittances.
  - environmental protection laws.
  - occupational health and safety laws.
  - personal information and protection of privacy laws
- (iii) review insider stock trades for compliance with applicable securities laws and the Corporation's stock trading policies;
- (iv) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (v) review the findings of any examination by regulatory agencies.

## **8. Other Matters**

### **(a) Conflicts of Interest**

The Committee shall:

- (i) review the Corporation's policies relating to the avoidance of conflicts of interest between the Corporation and directors and members of management as well as procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets; and
- (ii) annually, review and approve the CEO's expense accounts for the year then ended.

### **(b) Committee's Right to Seek Independent Advice**

The Committee has the authority to seek independent expert advice, including the retaining of independent counsel, accountants or others, as it determines necessary to assist the Committee in fulfilling its duties and responsibilities and the Committee has the authority to set and pay from the Corporation's funds the compensation for any advisors employed.

### **(c) Committee's Caveat**

While the Committee has the duties and responsibilities as set out in this Charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles, consistently applied.