

Condensed Consolidated Interim Financial Statements  
(Stated in Canadian Dollars)

**Rockex Mining Corporation** (formerly Enviropave International Ltd.)  
For the three month period ended March 31, 2011  
(Unaudited)

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# Rockex Mining Corporation

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

	Note	March 31, 2011	December 31, 2010	January 1, 2010
		\$	\$	\$
			(Note 2, 18)	(Note 2, 18)
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents	5	4,007,367	2,976,888	1,153,984
HST receivable		206,541	130,812	9,405
Prepays and deposits		55,098	66,409	10,358
Deferred transaction costs		-	197,901	-
<b>Total current assets</b>		<b>4,269,006</b>	<b>3,372,010</b>	<b>1,173,747</b>
<b>Equipment, net</b>	6	<b>29,152</b>	<b>27,892</b>	<b>22,999</b>
<b>Exploration and evaluation assets</b>	7	<b>11,921,504</b>	<b>11,852,852</b>	<b>11,478,645</b>
		<b>16,219,662</b>	<b>15,252,754</b>	<b>12,675,391</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	8	589,584	622,288	301,470
<b>Future tax liability</b>		<b>762,181</b>	<b>39,747</b>	<b>28,736</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	10	17,560,115	16,785,227	13,904,910
Share purchase warrants reserve	10	939,477	99,314	
Share based payments reserve	10	2,154,643	72,769	
Share subscriptions received in advance		100,000	-	25,000
Deficit		(5,886,338)	(2,366,591)	(1,584,725)
<b>Total shareholders' equity</b>		<b>14,867,897</b>	<b>14,590,719</b>	<b>12,345,185</b>
<b>Total liabilities and shareholders' equity</b>		<b>16,219,662</b>	<b>15,252,754</b>	<b>12,675,391</b>

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

These financial statements are authorized for issue by the Board of Directors on June 14, 2011. They are signed on its behalf by:

*"Pierre Gagné"*

*"Donald A. Sheldon"*

Director

Director

**Rockex Mining Corporation**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS**

For the three months ended March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

	Note	March 31, 2011	March 31, 2010
		\$	\$
			(Note 2, 18)
<b>REVENUE</b>			
Interest		2,353	-
<b>EXPENSES</b>			
Amortization		1,275	1,500
Compliance and regulatory filings		23,478	-
Management and consulting fees		77,033	44,500
General and administrative		47,186	13,820
Professional fees		77,118	19,458
Promotion and investor relations		14,260	3,357
Stock-based compensation	11	2,154,643	79,965
Listing fees	12	1,127,107	-
		<b>3,522,100</b>	<b>162,600</b>
<b>Loss before the following</b>		<b>(3,519,747)</b>	<b>(162,600)</b>
Write-down of mineral properties		-	-
<b>Loss and total comprehensive loss for the period</b>		<b>(3,519,747)</b>	<b>(162,600)</b>
Loss per common share, basic and diluted	14	<b>(0.08)</b>	<b>(0.00)</b>

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

## Rockex Mining Corporation

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the three months ended March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

	Note	Common Shares		Reserves			Deficit \$	Total \$
		Number of common shares #	Common shares \$	Share purchase warrants reserve \$	Share based payments reserve \$	Share subscriptions received in advance \$		
<b>Balance at January 1, 2010</b>		38,306,454	13,904,910	-	-	25,000	(1,584,725)	12,345,185
Loss for the period		-	-	-	-	-	(162,600)	(162,600)
Shares issued in private placements		50,000	25,000	-	-	(25,000)	-	-
Shares issued for services rendered		-	-	-	-	-	-	-
Share issue costs		-	-	-	-	-	-	-
Warrants issued		-	-	-	-	-	-	-
Stock-based compensation		-	-	-	79,965	-	-	79,965
Stock options exercised		-	-	-	-	-	-	-
<b>Balance at March 31, 2010</b>		<b>38,356,454</b>	<b>13,929,910</b>	<b>-</b>	<b>79,965</b>	<b>-</b>	<b>(1,747,325)</b>	<b>12,262,550</b>
Loss for the period		-	-	-	-	-	(619,266)	(619,266)
Shares issued in private placements		3,386,821	3,028,140	-	-	-	-	3,028,140
Shares issued for services rendered		330,000	165,000	-	-	-	-	165,000
Share issue costs		-	(220,256)	-	-	-	-	(220,256)
Warrants issued		-	(21,090)	99,314	-	-	-	78,224
Stock-based compensation		-	-	-	(7,196)	-	-	(7,196)
Tax effect of capital transactions		-	(96,477)	-	-	-	-	(96,477)
<b>Balance at December 31, 2010</b>		<b>42,073,275</b>	<b>16,785,227</b>	<b>99,314</b>	<b>72,769</b>	<b>-</b>	<b>(2,366,591)</b>	<b>14,590,719</b>
<b>Balance at January 1, 2011</b>		<b>42,073,275</b>	<b>16,785,227</b>	<b>99,314</b>	<b>72,769</b>	<b>-</b>	<b>(2,366,591)</b>	<b>14,590,719</b>
Loss for the period		-	-	-	-	-	(3,519,747)	(3,519,747)
Shares issued in private placements		1,890,111	1,701,100	-	-	-	-	1,701,100
Shares issued for services rendered		130,000	65,000	-	-	-	-	65,000
Share issue costs		-	(205,735)	-	-	-	-	(205,735)
Warrants issued		-	(786,428)	840,163	-	-	-	53,735
Stock-based compensation		-	-	-	2,154,643	-	-	2,154,643
Stock options exercised		-	72,769	-	(72,769)	-	-	-
Tax effect of flow-through renunciation		-	(722,435)	-	-	-	-	(722,435)
Tax effect of capital transactions		-	-	-	-	-	-	-
Share subscription received in advance		-	-	-	-	100,000	-	100,000
Shares issued on corporate merger	1,4	1,338,754	650,617	-	-	-	-	650,617
<b>Balance at March 31, 2011</b>		<b>45,432,140</b>	<b>17,560,115</b>	<b>939,477</b>	<b>2,154,643</b>	<b>100,000</b>	<b>(5,886,338)</b>	<b>14,867,897</b>

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

# Rockex Mining Corporation

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the three months ended March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

	March 31, 2011 \$	March 31, 2010 \$
		(Note 2, 18)
<b>Cash flows from operating activities</b>		
Loss for the period	(3,519,747)	(162,600)
Adjustments to reconcile loss to net cash used in operating activities:		
Amortization	1,275	1,500
Fair value of stock options	2,154,643	79,965
Amalgamation cost	650,617	-
Future income taxes		
Changes in non-cash working capital balances:		
Accounts receivable	(75,729)	(8,879)
Prepays and deposits	11,311	(1,395)
Deferred transaction costs	197,901	-
Accounts payable and accrued liabilities	(47,103)	(45,675)
Income taxes payable	14,399	-
<b>Total cash outflows from operating activities</b>	<b>(612,433)</b>	<b>(137,084)</b>
<b>Cash flows from investing activities</b>		
Mineral exploration and evaluation expenditures, net	(68,652)	(170,514)
Purchase of equipment	(2,536)	-
<b>Total cash outflows from investing activities</b>	<b>(71,188)</b>	<b>(170,514)</b>
<b>Cash flows from financing activities</b>		
Shares issued in private placements	1,701,100	-
Share subscriptions received in advance	100,000	-
Share issue costs	(87,000)	-
<b>Total cash inflows from financing activities</b>	<b>1,714,100</b>	<b>-</b>
<b>Total increase in cash and cash equivalents during the period</b>	<b>1,030,479</b>	<b>(307,598)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,976,888</b>	<b>1,153,984</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,007,367</b>	<b>846,386</b>

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

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

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### 1. NATURE OF BUSINESS AND GOING CONCERN

Rockex Mining Corporation (the "Corporation" or "Rockex") was incorporated pursuant to the provisions of the *Alberta Business Corporations Act* on May 29, 1996. On January 24, 2011, the Corporation continued as an Ontario corporation subject to the provisions of the *Business Corporations Act* (Ontario). The Corporation was formerly named Enviropave International Ltd. (until December 20, 2010). The change of name and continuance into Ontario were part of the reorganization of the Corporation which included the reverse take-over of the Corporation by the shareholders of Rockex Limited effective January 1, 2011.

On January 1, 2011, the Corporation completed a business transaction with Rockex Limited ("Old Rockex") pursuant to a "three cornered" amalgamation (the "Amalgamation") involving the Corporation, Old Rockex and 1837427 Ontario Inc. ("Subco"), a wholly-owned subsidiary of the Corporation. The Corporation acquired all of the issued and outstanding shares of Old Rockex which amalgamated with Subco to form a new amalgamated corporation which was a wholly-owned subsidiary of the Corporation and also called Rockex Limited. In connection with the Amalgamation, the Corporation issued one common share of the Corporation for each one common share of Old Rockex previously held by the shareholders of Old Rockex (see Note 4).

The Corporation is in the development stage and its principal business activity is the acquisition, exploration and development of mineral properties that it believes contain mineralization that will be economically recoverable in the future. The Corporation is listed on the Toronto Stock Exchange, having the trading symbol RXM.

The address of the Corporation's corporate office and principal place of business is 55 University Avenue, Suite 700, Toronto, Ontario.

### 2. BASIS OF PREPARATION

#### a) Statement of Compliance

The condensed consolidated interim financial statements of the Corporation for the year-ending December 31, 2011 will be prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), having previously prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP"). These condensed consolidated interim financial statements for the three month period ended March 31, 2011 have been prepared in accordance with IAS 34 Interim Financial Reporting, and as they are part of the Corporation's first IFRS annual reporting period, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

As these condensed consolidated interim financial statements are the Corporation's first financial statements prepared using IFRS, certain disclosures that are required to be included in annual financial statements prepared in accordance with IFRS that were not included in the Corporation's most recent annual financial statements prepared in accordance with pre-changeover Canadian GAAP have been included in these financial statements for the comparative annual period. However, these condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Corporation's 2010 annual financial statements and the explanation of how the transition to IFRS has affected the reported financial balance sheet, financial performance and cash flows of the Corporation is provided in Note 18.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on June 14, 2011.

#### b) Basis of Measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Corporation's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

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### c) Going Concern of Operations

The Corporation has not generated revenue from operations. The Corporation incurred a net loss of \$3,519,747 during the three months ended March 31, 2011 and, as of that date, the Corporation's deficit was \$5,886,338. However, the Corporation has sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Corporation is in the exploration and development stage, the recoverability of the costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Corporation to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties and exploration expenditures. The Corporation will periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

### d) First-time Adoption of International Financial Reporting Standards

These are the Corporation's first unaudited condensed consolidated interim financial statements for part of the period covered by the Corporation's first IFRS annual consolidated financial statements. IFRS represents standards and interpretations approved by the International Accounting Standards Board ("IASB"), and are comprised of IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") or the former Standing Interpretations Committee ("SICs").

An explanation of how the transition to IFRS with a transition date of January 1, 2010 has affected the reported financial position and financial performance of the Corporation is provided in Note 18. Note 18 includes reconciliations of the Corporation's condensed consolidated balance sheets and statements of earnings and comprehensive income for comparative periods prepared in accordance with Canadian GAAP and as previously reported to those prepared and reported in these unaudited condensed consolidated interim financial statements in accordance with IFRS.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year ending December 31, 2011 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS balance sheet at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

### a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts.

### b) Mineral Exploration and Evaluation Expenditures

#### *Pre-exploration Costs*

Pre-exploration costs are expensed in the period in which they are incurred.

#### *Exploration and Evaluation Expenditures*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, are expensed in the period in which they occur.

The Corporation may occasionally enter into joint venture arrangements, whereby the Corporation will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Corporation. The Corporation does not record any expenditures made by the transferee. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Corporation, with any excess cash accounted for as a gain on disposal. When a project is deemed to no longer have commercially viable prospects to the Corporation, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Corporation assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.



# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2011  
(Stated in Canadian Dollars - Unaudited)

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Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Corporation currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation (E&E) expenditures are classified as intangible assets.

Under IFRS 6, upon transition to IFRS, an entity may continue to follow its current accounting policies, whereby E&E expenditures are capitalized or may elect to expense all E&E costs. Current industry practice on the capitalization versus expensing of E&E activities varies by corporation. Significant management judgment is required to determine appropriate accounting policies relating to the treatment of E&E expenditures upon transition to IFRS. The Corporation has elected to continue to capitalize E&E activities that are directly related to the discovery, acquisition or development of E&E assets upon transition to IFRS.

### c) Equipment

#### *Recognition and Measurement*

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Corporation, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

#### *Subsequent Costs*

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

#### *Major Maintenance and Repairs*

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

#### *Gains and Losses*

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income in profit or loss.

#### *Depreciation*

Depreciation is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Equipment	Straight line over 5 years
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Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Corporation has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

### e) Financial Instruments

#### *Financial Assets*

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Corporation's accounting policy for each category is as follows:

#### *Loan and Receivables*

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

#### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Corporation has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

#### *Available-For-Sale*

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss/income, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

Purchases and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2011  
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### *Impairment on Financial Assets*

At each reporting date the Corporation assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

### *Financial Liabilities*

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade payables and accrued liabilities. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables represent liabilities for goods and services provided to the Corporation prior to the end of the period which are unpaid. Trade payable amounts are unsecured and are usually paid within 30 days of recognition.

### f) Provision

#### *Rehabilitation Provision*

The Corporation is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Corporation records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

#### *Other Provisions*

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

### g) Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Corporation reassesses unrecognized deferred tax assets. The Corporation recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### h) Share Capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Corporation's common shares, share purchase warrants reserve, share based payments reserve and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### *Flow-through Shares*

The Corporation will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Corporation bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Corporation derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Corporation may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

#### *Earnings / Loss Per Share*

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Corporation by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

### i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

# Rockex Mining Corporation

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Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Corporation immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

### j) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will or may have an effect on the Corporation's future results and financial position:

#### - IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2013. The Corporation is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

The following new standards, amendments and interpretations that have not been early adopted in these interim financial statements, will not have an effect on the Corporation's future results and financial position:

- IAS 12: Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12 (Effective for periods beginning on or after January 1, 2012))
- Amendments to IFRS 9: Financial Instruments (Effective for periods beginning on or after January 1, 2013)

### k) Basis of Consolidation

The Corporation's financial statements consolidate those of the parent corporation and all of its subsidiary undertakings drawn up to March 31, 2011. Subsidiaries are all entities over which the Corporation has the power to control the financial and operating policies. The Corporation obtains and exercises control through more than half of the voting rights. All subsidiaries have a reporting date of December 31.

All transactions and balances between the Corporation and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Corporation.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

### l) Business Combinations

For business combinations occurring since January 1, 2010, the requirements of IFRS 3R have been applied. The consideration transferred by the Corporation to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Corporation, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Corporation recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

### m) Critical Accounting Estimates and Judgments

The Corporation makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

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The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed consolidated interim financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Corporation, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss of the period in which the new information becomes available.

ii) Title to Mineral Property Interests

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Corporation's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects and claims of third parties and aboriginal people.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities and contingencies for anticipated tax audit issues based on the Corporation's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Corporation records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Corporation recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Share-based Payment Transactions

The Corporation measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

#### 4. CORPORATE MERGER

Effective January 1, 2011, the Corporation ("Rockex") completed a business transaction with Rockex Limited ("Old Rockex") pursuant to a "three cornered" amalgamation (the "Amalgamation" or "Transaction") involving the Corporation, Old Rockex and 1837427 Ontario Inc. ("Subco"), a wholly-owned subsidiary of the Corporation. The Corporation acquired all of the issued and outstanding shares of Old Rockex which amalgamated with Subco to form a new amalgamated corporation which is a wholly-owned subsidiary "Transaction" of the Corporation and also called Rockex Limited. In connection with the Amalgamation, the Corporation issued one common share of the Corporation for each one common share of Old Rockex previously held by the shareholders of Old Rockex. The Corporation also paid a finder's fee to two arm's-length finders in connection with the business combination equal to 130,000 common shares. Following the business combination, the Corporation had 43,542,029 common shares outstanding. Since the Transaction resulted in the former shareholders of Old Rockex owning approximately 97% of the outstanding shares of the Corporation, the Transaction has been accounted for in the consolidated financial statements as a reverse takeover. Based on the relative ownership percentages of the combined company by shareholders of New Rockex prior to the Transaction and former Old Rockex shareholders, and composition of the Board of Directors of the newly combined company, from an accounting perspective, Old Rockex is considered to be the accounting acquirer and therefore the Transaction has been accounted for as a reverse takeover. For financial reporting purposes, the Corporation is considered a continuation of Old Rockex, the legal subsidiary, except with regard to authorized and issued share capital, which is that of Rockex, the legal parent. Consequently, comparative 2010 balances in the condensed consolidated interim financial statements are those of Old Rockex only. The condensed consolidated interim financial statements includes the full results of Old Rockex for the period from January 1, 2011, to March 31, 2011 and the results of operations of New Rockex from the closing date, January 1, 2011, to March 31, 2011. New Rockex was not

# Rockex Mining Corporation

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considered to be an acquired business under the accounting guidance set out in IFRS 3, Therefore, the Transaction has been accounted for as an acquisition of net assets of Rockex and the acquisition of a public listing and not a business combination. As the acquirer for accounting purposes, Old Rockex's net assets are included in the condensed consolidated interim balance sheet at their carrying value. Since the Transaction is accounted for as an acquisition of net assets and a public listing, the net assets of Rockex were recorded at the closing date at their carrying values as follows:

Carrying Value of New Rockex net assets acquired:

Cash	\$17
Accounts Receivable	4,077
Equipment	22
Accounts Payable and accrued liabilities	(11,093)
<b>Net assets acquired</b>	<b>\$(6,977)</b>

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Allocated to shares issued on Transaction - \$650,617

Cost of listing - \$657,595

Effective January 24, 2011, the Corporation continued as an Ontario corporation subject to the provisions of the *Business Corporations Act* (Ontario). The Corporation was formerly named Enviropave International Ltd. (until December 20, 2010) and was subject to the provisions of the *Business Corporation Act* (Alberta). The change of name and continuance into Ontario were part of the reorganization of the Corporation which included the reverse take-over of the Corporation by the shareholders of Old Rockex effective January 1, 2011.

Effective March 7, 2011, the Corporation's common shares were listed and posted for trading on the Toronto Stock Exchange ("TSX"). The common shares of the Corporation trade under the symbol "RXM".

### 5. CASH AND CASH EQUIVALENTS

Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
	\$	\$
General operating accounting	<b>933,300</b>	87,148
Restricted flow through proceeds account	<b>3,074,067</b>	2,889,740
<b>Total</b>	<b>4,007,367</b>	2,976,888

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### 6. EQUIPMENT

	Equipment
	\$
<b>Cost</b>	
<b>Balance at January 1, 2010</b>	39,413
Additions	9,493
Disposals	-
<b>Balance at December 31, 2010</b>	48,906
Additions	2,535
Disposals	-
<b>Balance at March 31, 2011</b>	51,441
<b>Depreciation and impairment losses</b>	
<b>Balance at January 1, 2010</b>	16,414
Depreciation for the year	4,600
Impairment loss	-
Disposals	-
<b>Balance at December 31, 2010</b>	21,014
Depreciation for the year	1,275
Impairment loss	-
Disposals	-
<b>Balance at March 31, 2011</b>	22,289
<b>Carrying amounts</b>	
At January 1, 2010	22,999
At December 31, 2010	27,892
At March 31, 2011	29,152

### 7. EXPLORATION AND EVALUATION ASSETS

	Lake St. Joseph Iron Ore Project
	\$
Balance at January 1, 2010	11,478,645
Exploration costs	527,253
Acquisition of property	-
Write-down of mineral properties	(153,046)
<b>Balance at December 31, 2010</b>	11,852,852
Exploration costs	68,652
Acquisition of property	-
Write-down of mineral properties	-
<b>Balance at March 31, 2011</b>	11,921,504

#### *Western Lake St. Joseph Iron Ore Project*

The Western Lake St. Joseph Iron Ore Project consists of 23 contiguous mining claims (5,392 ha) in the Patricia Mining Division of Ontario and are centered on the Eagle, Wolf and Fish Islands in Lake St. Joseph. On May 30, 2008, the Corporation entered into a purchase agreement with a director (the "Vendor") to acquire a 100% right, title and interest in and to certain mineral properties in Lake St. Joseph. For this acquisition, the Corporation paid \$90,000, representing the approximate amount of staking and related costs incurred by the Vendor, issued 20,000,000 common shares at a price of \$0.50 per share, and reserved certain royalties, including the obligation for payment of advance royalties. A 2.0% Net Smelter Return Royalty (the "NSR") is payable to the Vendor on any minerals other than iron produced from the property. A 2.0% gross sale royalty (the "Royalty") is payable to the Vendor on the gross sales proceeds of any and all minerals mined and processed from the property for their iron content. Subsequent to completion of the acquisition, the Corporation acquired core samples and written results of mineral testing and core sampling conducted on the property by former owners for \$nil consideration.



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### *East Soules Bay Property*

The East Soules Bay Property consists of 4 contiguous mining claims (1,024 ha) in and along the eastern end of Lake St. Joseph, approximately 40 kilometers east of the Corporation's Western Lake St. Joseph Iron Ore Project. These claims were acquired by staking this property. During the year, the Corporation was provided core samples and written results of mineral testing and core sampling conducted on the East Soules Bay Property by the former owners of the mineral claims, now owned by Rockex, for \$nil consideration.

### *Doran Lake Property*

The Doran Lake Property consists of 4 contiguous mining claims (832 ha) in and along the north shore of Doran Lake, south of the Western Lake St. Joseph Iron Ore Project and east of the East Soules Bay Property. These claims were acquired by staking.

### *Root Lake Property*

The Root Lake Property consists of 6 contiguous mining claims (1,408 ha) 100 kilometres north of Sioux Lookout near the central part of the Western Lake St. Joseph Iron Ore Project. These claims were acquired by staking.

### *Root Bay Property*

On September 10, 2008, the Corporation entered into an Option Agreement (the "Agreement") with an arms length vendor (the "Optionor") to acquire a 100% interest in all of the Optionor's interest in and to the mineral property in proximity to Lake St. Joseph. In consideration for the 100% interest, the Corporation must pay \$80,000 in cash payments and incur exploration expenditures aggregating to \$700,000 on the property over a 4 year term, as well as stake two additional mining claims. The Optionor will retain a 2.0% Net Smelter Return Royalty ("NSR") on any minerals other than iron produced from the property. The Corporation has the right to acquire one-half of the NSR at any time up to six years for \$1,000,000. The Optionor shall be entitled to receive from the Corporation, a 2.0% gross revenues royalty (the "GRR") on any minerals mined and processed from the property for their iron content, subject to the Corporation's purchase of the NSR. The Corporation also has the right to purchase one-half of the remaining GRR at any time up to ten years for \$2,000,000. At December 31, 2010, management decided to discontinue the option agreement with no further option payments made. All costs related to the abandonment of this property (\$153,046) were expensed to operations in 2010.

### *Property Purchase*

On January 14, 2010, the Corporation purchased 100% of the right, title and interest in certain properties comprised of surface rights only from arms length vendors in exchange for cash payment of \$67,000.

### *Mineral testing and core sampling acquired*

In 2009, the Corporation was provided core samples and written results of mineral testing and core sampling conducted on the Eagle Island Property in Lake St. Joseph by the former owners of the unpatented mineral exploration claims, now owned by Rockex, for \$nil consideration. An independent review of the samples and test results estimates the current cost of completing the same level of sampling and testing today would be approximately \$8,675,000, plus or minus 30%. It is reasonably possible that this current value estimate could differ from the original costs by a material amount due to the difference in technologies used today to undertake similar work.

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2011	December 31, 2010	January 1, 2010
Trade payable	\$ 407,284	\$ 380,138	\$ 57,475
Payroll related liabilities	146,900	230,150	190,000
Accrued liabilities	35,400	12,000	53,995
	<b>589,584</b>	<b>622,288</b>	<b>301,470</b>

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### 9. OTHER LIABILITIES

A flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, is recognized as a liability. Management has determined that as at the transition date January 1, 2010, a premium on the issuance on flow through shares has resulted in the recording of a liability shown in 'accounts payable and accrued liabilities'. As at March 31, 2010, the liability remained unchanged. As at December 31, 2010, the entire liability was reversed and recognized in 'other income' as expenditures have been fully incurred.

#### *Flow-through Shares*

In 2009, the Corporation issued 909,893 common shares at a price of \$0.50 per common share and 959,893 flow-through common shares at a price of \$0.55 per flow-through share for total aggregate proceeds of \$982,888.

As at December 2010, the Corporation had fulfilled its commitment to incur exploration expenditures in relation to flow-through share financing in 2009.

On December 31, 2010, the Corporation issued 126,000 units at a price of \$0.90 each and 3,210,821 flow-through common shares at a price of \$0.90 each 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 or (ii) 30 days after notice from the Corporation that its shares have traded at \$1.50 or more for 20 consecutive trading days. The Corporation paid finders fees of \$148,187 in cash and issued 197,266 finders warrants, each such finders warrant entitling the holder to purchase one common share for \$0.90 at any time until June 30, 2012.

As at March 31, 2011, the Corporation has partially fulfilled its commitment to incur exploration expenditures in relation to flow-through share financing in 2010.

### 10. SHARE CAPITAL AND RESERVES

#### a) Share Capital

The Corporation is authorized to issue an unlimited number of common shares, an unlimited number of first preferred shares, an unlimited number of second preferred shares and an unlimited number of special shares, issuable in series. Only common shares (and no other class or series of shares) have been issued.

The following is a summary of changes in common share capital from January 1, 2010 to March 31, 2011:

	Number of Shares	Issue Price	Amount
	#	\$	\$
<b>Balance at January 1, 2010</b>	38,306,454		13,904,910
Shares issued in private placements	3,386,821	0.90	3,028,140
Shares issued for services rendered	380,000	0.50	190,000
Share issue costs	-	-	(220,256)
Warrants issued	-	-	(21,090)
Tax effect of flow-through renunciation	-	-	(131,985)
Tax effect of share issue costs	-	-	35,508
<b>Balance at December 31, 2010</b>	<b>42,073,275</b>		<b>16,785,227</b>
Shares issued in private placements	1,890,111	0.90	1,701,100
Shares issued for services rendered	130,000	0.50	65,000
Share issue costs	-	-	(205,735)
Warrants issued	-	-	(786,428)
Stock options exercised	-	-	72,769
Shares issued on corporate merger	1,338,754	-	650,617
Tax effect of flow-through renunciation	-	-	(722,435)
Tax effect of share issue costs	-	-	
<b>Balance at March 31, 2011</b>	<b>45,432,140</b>		<b>17,560,115</b>

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### December 31, 2010

On April 28, 2010, the Corporation issued 380,000 common shares at a price of \$0.50 per common share for services rendered to the Corporation with a fair value of \$190,000.

On December 31, 2010, the Corporation issued 126,000 units at a price of \$0.90 each and 3,210,821 flow-through common shares at a price of \$0.90 each 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 or (ii) 30 days after notice from the Corporation that its shares have traded at \$1.50 or more for 20 consecutive trading days. The Corporation paid finders fees of \$148,187 in cash and issued 197,266 finders warrants, each such finders warrant entitling the holder to purchase one common share for \$0.90 at any time until June 30, 2012.

### March 31, 2011

On February 3, 2011, the Corporation 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 flow-through common share, for aggregate gross proceeds of \$1,146,700. Each unit issued is comprised of one common share of the Corporation and one common share purchase 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 Corporation if the common shares have traded on the Toronto Stock Exchange 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 Corporation paid a commission of \$80,000 and issued 111,111 finders warrants exercisable at \$0.90 per share expiring August 3, 2012.

On February 4, 2011, the Corporation 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 flow-through common share, for aggregate gross proceeds of \$554,400. Each unit issued is comprised of one common share of the Corporation and one common share purchase 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 Corporation if the common shares have traded on the Toronto Stock Exchange 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 Corporation paid a commission of \$7,000.

Share issue costs related to the first and second tranches totaled \$205,735.

#### b) Share-based Payment Reserve

The following is a summary of changes in share-based payment reserve from January 1, 2010 to March 31, 2011:

	March 31, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Stock Options	2,154,643	72,769	-

See Note 11 for outstanding stock options.

#### c) Share Purchase Warrants Reserve

The following is a summary of changes in share purchase warrants reserve from January 1, 2010 to March 31, 2011:

	Number of Warrants	Amount
	#	\$
<b>Balance at January 1, 2010</b>	-	-
Issue of warrants	260,266	99,314
Exercised warrants	-	-
<b>Balance December 31, 2010</b>	260,266	99,314
Issue of warrants	1,722,222	840,163
Exercised warrants	-	-
<b>Balance March 31, 2011</b>	1,982,488	939,477

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As at March 31, 2011, the Corporation had outstanding warrants as follows:

Number of Warrants	Exercise Price	Expiry
197,266	\$0.90	06/30/2012
63,000	\$1.15	06/30/2012
111,111	\$0.90	08/03/2012
1,611,111	\$1.15	08/03/2012

### d) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Corporation's balance sheet include Share Purchase Warrants, Contributed Surplus and Accumulated Deficit.

- Contributed Surplus is used to recognize the value of stock option grants prior to exercise.
- Share Purchase Warrants is used to recognize the value of warrant grants prior to exercise.
- Accumulated Deficit is used to record the Corporation's change in deficit from earnings from period to period.

## 11. SHARE-BASED PAYMENTS

### a) Option Plan Details

The Corporation has an incentive Stock Option Plan (the "Plan") under which non-transferable options to purchase common shares of the Corporation may be granted to directors, officers, employees or service providers of the Corporation. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Corporation at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. The stock option plan provides that the total number of shares which may be issued there under is limited to 10% of the aggregate number of shares outstanding. As at March 31, 2011 the Corporation had 1,218,214 (December 31, 2010 – 3,807,328) options available for issuance.

The following is a summary of changes in options from January 1, 2010 to December 31, 2010:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year			December 31, 2010		
				Granted	Exercised	Forfeited	Closing Balance	Vested and Exercisable	Unvested
02/01/10	02/01/15	\$0.50	-	400,000	-	200,000	200,000	200,000	-
Weighted Average Exercise Price			-	\$0.50	-	\$0.50	\$0.50	\$0.50	-

The following is a summary of changes in options from January 1, 2011 to March 31, 2011:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Year			March 31, 2011		
				Granted	Exercised	Forfeited	Closing Balance	Vested and Exercisable	Unvested
02/01/10	02/01/15	\$0.50	200,000	-	200,000	-	-	-	-
01/01/11	01/01/14	\$0.90	-	40,000	-	-	40,000	40,000	-
03/14/11	03/14/16	\$1.00	-	3,285,000	-	-	3,285,000	3,285,000	-
			200,000	3,325,000	200,000	-	3,325,000	3,325,000	-
Weighted Average Exercise Price			\$0.50	\$1.00	\$0.50	-	\$1.00	\$1.00	-

### b) Fair Value of Options Issued During the Period

The weighted average fair value at grant date of options granted during the period ended March 31, 2011 was \$1.00 per option (year-ended December 31, 2010: \$0.50).

#### *Options Issued to Employees*

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received, at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

The model inputs for options granted from January 1, 2010 to March 31, 2011 included:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
02/01/10	02/01/15	\$0.50	\$0.50	2.92%	5 years	94.00%	0.00%
01/01/11	01/01/14	\$0.90	\$0.90	1.97%	3 years	118.70%	0.00%
03/14/11	03/14/16	\$1.00	\$1.00	2.55%	5 years	79.27%	0.00%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The weighted average share price at the date of exercise of options during the period ended March 31, 2011 was \$0.50 per share (year-ended December 31, 2010: \$nil).

### c) Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognized during the period as part of employee benefit expense were \$2,154,643 (3 months ended March 31, 2010: \$79,965).

### d) Amounts Capitalized Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transaction that were capitalized during the period as part of exploration and evaluation activities were \$nil (3 months ended March 31, 2010: \$nil).

## 12. LISTING FEES

Pursuant to the "three cornered" amalgamation effective January 1, 2011, the following costs have been recorded as a listing expense:

	March 31, 2011
	\$
Legal fees	385,387
Stock exchange listing fee	84,125
Amalgamation cost	657,595
	<u>1,127,107</u>

## 13. RELATED PARTY TRANSACTIONS

Certain corporate entities that are related to the Corporation's officers and directors provide consulting services to Rockex Mining Corporation. Transactions were conducted in the normal course of operations and are measured at the exchange amounts.

The following is a summary of the Corporation's related party transactions during the period:

### a) Legal Fees

Legal fees of \$54,649, incurred in connection with the Corporation's financings as well as general corporate matters and legal fees of \$187,487 incurred in connection with the Corporation's TSX listing (three months-ended March 31, 2010: \$16,458), were paid to a law firm of which one officer, director and shareholder is a director of the Corporation. At March 31, 2011, \$259,203 (January 1, 2010: \$nil, December 31, 2010: \$298,325) owing to this legal firm was included in accounts payable.

### b) Rental Payments

Rental payments of \$7,434 (three months- ended March 31, 2010: \$5,100) were paid to a company which is controlled by a director of the Corporation. At March 31, 2011, \$nil (January 1, 2010: \$nil, December 31, 2010: \$nil) owing was included in accounts payable.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### c) Key Management Compensation

Key management personnel compensation comprised:

	March 31, 2011	March 31, 2010
	\$	\$
Management and consulting fees	77,033	44,500
Share-based payments (stock options)	1,171,096	79,965
	<u>1,248,129</u>	<u>124,465</u>

At March 31, 2011, \$28,956 (January 1, 2010: \$nil, December 31, 2010: \$265,013) owing was included in accounts payable.

### d) Explorations Expenditures

Explorations expenditures of \$50,944 (three months ended March 31, 2010: \$95,569) incurred in connection with the Corporation's expenditure activities were paid to, two companies controlled by directors of the Corporation. At March 31, 2011, \$57,567 (January 1, 2010: \$nil, December 31, 2010: \$91,864) owing was included in accounts payable.

## 14. LOSS PER SHARE

*Weighted Average Number of Common Shares:*

Net earnings per share for the three months ended March 31 were calculated based on the following:

	March 31, 2011	March 31, 2010
Basic weighted-average number of shares outstanding	44,802,103	38,356,454
Effect of dilutive securities:		
Stock options	787,500	200,000
Share purchase warrants	1,408,374	-
Diluted weighted-average number of shares outstanding	<u>46,997,977</u>	<u>38,556,454</u>

## 15. CAPITAL MANAGEMENT

The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. The Corporation defines capital to include its shareholders' equity. In order to carry out the planned exploration and pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed. The Corporation will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Corporation, is reasonable. There were no changes in the Corporation's approach to capital management during the three-month period March 31, 2011. The Corporation is not subject to externally imposed capital requirements.

The Corporation considers its capital to be shareholders' equity, which is comprised of share capital, share purchase warrants, share-based payments and deficit, which as at March 31, 2011 totaled \$14,867,897 (December 31, 2010 - \$14,590,719). The Corporation's objective when managing capital is to obtain adequate levels of funding to support its exploration activities, to obtain corporate and administrative functions necessary to support organizational functioning and obtain sufficient funding to further the identification and development of iron deposits.

The Corporation raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurance that the Corporation will be able to continue raising equity capital in this manner.

The Corporation invests all capital that is surplus to its immediate operational needs in short term, liquid and highly rated financial instruments, such as cash, and short term guarantee deposits, all held with major Canadian financial institutions.

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Fair Value of Financial Instruments

The Corporation's financial instruments are comprised of cash and cash equivalents, which are measured at fair value. Fair value of marketable securities is determined based on transaction value and is categorized as Level 1 measurement. Other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair value. Accounts payable and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value.

The Corporation has determined the fair value of its financial instruments as follows:

- i. The carrying values of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, approximate their fair values due to the short-term nature of these instruments.
- ii. Investments and capital assets are carried at amounts in accordance with the Corporation's accounting policies.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject in and involve uncertainties and matters of significant judgment, therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

A summary of the Corporation's risk exposures as it relates to financial instruments are reflected below:

#### A. Credit Risk

The Corporation is not exposed to major credit risk attributable to customers. Additionally, the majority of the Corporation's cash and cash equivalents are held with a highly rated Canadian financial institution in Canada.

#### B. Market Risk

##### i. Interest Rate Risk

The Corporation does not have any interest-bearing debt. The Corporation invests cash surplus to its operational needs in investment-grade short-term deposits certificates issued by the bank where it keeps its Canadian bank accounts. The Corporation periodically assesses the quality of its investments with this bank and is satisfied with the credit rating of the bank and the investment grade of its short-term deposits certificates.

##### ii. Foreign Currency Risk

The Corporation's exploration and evaluation activities are denominated in Canadian dollars. The Corporation's funds are kept in Canadian dollars with a major Canadian financial Institution.

##### iii. Equity Price Risk

Market risk arises from the possibility that changes in market prices will affect the value of the financial instruments of the Corporation. The Corporation is exposed to fair value fluctuations on its investments, if any. The Corporation's other financial instruments (cash, accounts receivable, accounts payable and accrued liabilities) are not subject to price risk.

##### iv. Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2011, the Corporation had current assets of \$4,269,006 (December 31, 2010 - \$3,372,010) and current liabilities of \$589,584 (December 31, 2010 - \$622,288). All of the Corporation's financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. Current working capital of the Corporation is \$3,679,422 (December 31, 2010 - \$2,749,722).

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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v. Commodity Price Risk

The price of the common shares in the capital the Corporation ("Share Capital"), its financial results, exploration and evaluation activities have been, or may in the future be, adversely affected by declines in the price of iron ore and its products. Iron ore prices fluctuate widely and are affected by numerous factors beyond the Corporation's control such as the sale or purchase of commodities by various companies, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Corporation's revenues, if any, are expected to be in large part derived from mining and sale of iron ore and its products. The effect of these factors on the price of iron ore and its products, and therefore the economic viability of any of the Corporation's exploration projects, cannot accurately be predicted.

Sensitivity Analysis

The sensitivity analysis indicates that there is no major change from expected to actual results as interest rate risk on cash equivalents is minimal as these have fixed interest rates.

### 17. EVENTS AFTER THE REPORTING DATE

On April 4, 2011, the Corporation issued 200,000 common shares due to the exercise of 200,000 stock options on March 31, 2011.

On May 5, 2011, the Corporation purchased 100% of the right, title and interest in certain properties comprised of surface rights in the East Soule Bay Property area in exchange for a cash payment of \$191,625.



# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### 18. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The IFRS 1 elections and significant accounting policies set out in Notes 2 and 3, respectively, have been applied in preparing these unaudited condensed interim consolidated financial statements and selected unaudited comparative information presented below. The following tables reconcile the Corporation's unaudited condensed consolidated balance sheets and statements of earnings and comprehensive income prepared in accordance with Canadian GAAP and as previously reported to those prepared and reported in these unaudited condensed consolidated interim financial statements prepared in accordance with IFRS:

#### RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT JANUARY 1, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents		1,153,984		1,153,984
HST receivables		9,405		9,405
Prepays and deposits		10,358		10,358
Deferred transaction costs		-		-
<b>Total current assets</b>		<b>1,173,747</b>		<b>1,173,747</b>
<b>Equipment, net</b>		<b>22,999</b>		<b>22,999</b>
<b>Exploration and evaluation assets</b>	<b>a</b>	<b>12,919,928</b>	<b>(1,441,283)</b>	<b>11,478,645</b>
		<b>14,116,674</b>	<b>(1,441,283)</b>	<b>12,675,391</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	<b>d</b>	253,475	47,995	301,470
<b>Future tax liability</b>	<b>a</b>	<b>380,287</b>	<b>(351,551)</b>	<b>28,736</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	<b>d</b>	13,952,905	(47,995)	13,904,910
Share purchase warrants reserve	<b>c</b>	-		-
Share-based payments reserve	<b>c</b>	-		-
Share subscriptions received in advance		25,000		25,000
Deficit		(494,993)	(1,089,732)	(1,584,725)
<b>Total shareholders' deficiency</b>		<b>13,482,912</b>	<b>(1,137,727)</b>	<b>12,345,185</b>
		<b>14,116,674</b>	<b>(1,441,283)</b>	<b>12,675,391</b>

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents		846,386		846,386
HST receivables		18,284		18,284
Prepays and deposits		11,753		11,753
Deferred transaction costs		-		-
<b>Total current assets</b>		<b>876,423</b>		<b>876,423</b>
<b>Equipment, net</b>		<b>21,499</b>		<b>21,499</b>
<b>Exploration and evaluation assets</b>	<b>a</b>	<b>13,090,442</b>	<b>(1,441,283)</b>	<b>11,649,159</b>
		<b>13,988,364</b>	<b>(1,441,283)</b>	<b>12,547,081</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	<b>d</b>	207,800	47,995	255,795
<b>Future tax liability</b>	<b>a</b>	<b>380,287</b>	<b>(351,551)</b>	<b>28,736</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	<b>d</b>	13,977,905	(47,995)	13,929,910
Share purchase warrants reserve	<b>c</b>	-		-
Share-based payments reserve	<b>c</b>	79,965		79,965
Share subscriptions received in advance		-		-
Deficit		(657,593)	(1,089,732)	(1,747,325)
<b>Total shareholders' deficiency</b>		<b>13,400,277</b>	<b>(1,137,727)</b>	<b>12,262,550</b>
		<b>13,988,364</b>	<b>(1,441,283)</b>	<b>12,547,081</b>

# Rockex Mining Corporation

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### RECONCILIATION OF STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>ASSETS</b>				
<b>Current</b>				
Cash and cash equivalents		2,976,888		2,976,888
HST receivables		130,812		130,812
Prepays and deposits		66,409		66,409
Deferred transaction costs		197,901		197,901
<b>Total current assets</b>		<b>3,372,010</b>		<b>3,372,010</b>
<b>Equipment, net</b>		<b>27,892</b>		<b>27,892</b>
<b>Exploration and evaluation assets</b>	<b>a</b>	<b>13,294,135</b>	<b>(1,441,283)</b>	<b>11,852,852</b>
		<b>16,694,037</b>	<b>(1,441,283)</b>	<b>15,252,754</b>
<b>LIABILITIES</b>				
<b>Current</b>				
Accounts payable and accrued liabilities		622,288		622,288
<b>Future tax liability</b>	<b>a</b>	<b>210,131</b>	<b>(170,384)</b>	<b>39,747</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital	<b>d</b>	16,833,222	(47,995)	16,785,227
Share purchase warrants reserve	<b>c</b>	99,314		99,314
Share-based payments reserve	<b>b,c</b>	107,303	(34,534)	72,769
Share subscriptions received in advance				
Deficit		(1,178,221)	(1,188,370)	(2,366,591)
<b>Total shareholders' deficiency</b>		<b>15,861,618</b>	<b>(1,270,899)</b>	<b>14,590,719</b>
		<b>16,694,037</b>	<b>(1,441,283)</b>	<b>15,252,754</b>

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### RECONCILIATION OF STATEMENT OF COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED MARCH 31, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>EXPENSES</b>				
Amortization		1,500	-	1,500
Management and consulting fees		44,500	-	44,500
Promotion and investor relations		3,357	-	3,357
General and administrative		13,820	-	13,820
Professional fees		19,458	-	19,458
Stock-based compensation	<b>b</b>	79,965	-	79,965
		162,600	-	162,600
<b>Loss before income taxes</b>		(162,600)	-	(162,600)
Future income taxes		-	-	-
<b>Loss and comprehensive loss for the period</b>		(162,600)	-	(162,600)
Loss per common share, basic and diluted		(0.00)	-	(0.00)

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### RECONCILIATION OF STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED DECEMBER 31, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>REVENUE</b>				
Interest		526	-	526
<b>EXPENSES</b>				
Amortization		4,600	-	4,600
Management and consulting fees		409,230	-	409,230
Promotion and investor relations		3,169	-	3,169
General and administrative		120,918	-	120,918
Professional fees		152,121	-	152,121
Stock-based compensation	b	107,303	(34,534)	72,769
		797,341	(34,534)	762,807
<b>Loss before the following</b>				
Other income	d	(796,815)	34,534	(762,281)
Write-down of mineral properties		-	47,995	47,995
		(153,046)	-	(153,046)
<b>Loss before income taxes</b>				
Future income taxes	a	(949,861)	82,529	(867,332)
		(266,633)	181,167	(85,466)
<b>Loss and comprehensive loss for the period</b>				
		(683,228)	(98,638)	(781,866)
<b>Loss per common share, basic and diluted</b>				
		(0.02)	-	(0.02)

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### RECONCILIATION OF STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>Cash flows from operating activities</b>				
Earnings (loss) for the period		(162,600)	-	(162,600)
Adjustments to reconcile loss to net cash used in operating activities:			-	
Amortization		1,500	-	1,500
Fair value of finders and other warrants			-	
Fair value of stock options		79,965	-	79,965
Write-down of mineral properties			-	
Future income taxes			-	
Gain on disposal of equipment			-	
Changes in non-cash working capital balances:			-	
Accounts receivable		(8,879)	-	(8,879)
Prepays and deposits		(1,395)	-	(1,395)
Deferred transaction costs			-	
Accounts payable and accrued liabilities		(45,675)	-	(45,675)
<b>Total cash inflows from operating activities</b>		<b>(137,084)</b>	<b>-</b>	<b>(137,084)</b>
<b>Cash flows from investing activities</b>				
Mineral exploration and development expenditures, net		(170,514)	-	(170,514)
Proceeds from the sale of investments, net			-	
Purchase of equipment			-	
Proceeds from sale of equipment			-	
<b>Total cash from investing activities</b>		<b>(170,514)</b>	<b>-</b>	<b>(170,514)</b>
<b>Cash flows from financing activities</b>				
Shares issued in private placements				
Share subscriptions received in advance				
Share issue costs				
<b>Total cash inflows from financing activities</b>				
<b>Total decrease in cash and cash equivalents during the period</b>		<b>(307,598)</b>	<b>-</b>	<b>(307,598)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1,153,984</b>	<b>-</b>	<b>1,153,984</b>
<b>Cash and cash equivalents at end of period</b>		<b>846,386</b>	<b>-</b>	<b>846,386</b>

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### RECONCILIATION OF STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2010

	Sub note	Canadian GAAP \$	Effect of transition to IFRS \$	IFRS \$
<b>Cash flows from operating activities</b>				
Earnings (loss) for the period	b	(683,228)	(98,638)	(781,866)
Adjustments to reconcile loss to net cash used in operating activities:			-	
Amortization		4,600	-	4,600
Fair value of finders and other warrants		99,314	-	99,314
Fair value of stock options	b	107,303	(34,534)	72,769
Write-down of mineral properties		153,046	-	153,046
Future income taxes	a	(266,633)	181,167	(85,466)
Other income on flow through premium	d	-	(47,995)	(47,995)
Changes in non-cash working capital balances:			-	
Accounts receivable		(121,407)	-	(121,407)
Prepays and deposits		(56,049)	-	(56,049)
Deferred transaction costs		(197,901)	-	(197,901)
Accounts payable and accrued liabilities		368,813	-	368,813
<b>Total cash inflows from operating activities</b>		<b>(592,142)</b>	<b>-</b>	<b>(592,142)</b>
<b>Cash flows from investing activities</b>				
Mineral exploration and development expenditures, net		(527,254)	-	(527,254)
Proceeds from the sale of investments, net		-	-	-
Purchase of equipment		(9,493)	-	(9,493)
Proceeds from sale of equipment		-	-	-
<b>Total cash from investing activities</b>		<b>(536,747)</b>	<b>-</b>	<b>(536,747)</b>
<b>Cash flows from financing activities</b>				
Shares issued in private placements		3,172,049	-	3,172,049
Share subscriptions received in advance		-	-	-
Share issue costs		(220,256)	-	(220,256)
<b>Total cash inflows from financing activities</b>		<b>2,951,793</b>	<b>-</b>	<b>2,951,793</b>
<b>Total decrease in cash and cash equivalents during the period</b>		<b>1,822,904</b>	<b>-</b>	<b>1,822,904</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1,153,984</b>	<b>-</b>	<b>1,153,984</b>
<b>Cash and cash equivalents at end of period</b>		<b>2,976,888</b>	<b>-</b>	<b>2,976,888</b>

# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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### Notes to the transition to international financial reporting standards

The Corporation has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1 *'First time Adoption of International Financial Reporting Standards'*, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit unless certain exemptions are applied.

The Corporation elected to take the following IFRS 1 optional exemption to apply the requirements of IFRS 2, *Share-based payments*, only to equity instruments granted after November 7, 2002 which had not vested as of the transition date.

IFRS employs a conceptual framework that is similar to Canadian GAAP. The adoption has resulted in significant changes to the reported financial position, results of operations, and cash flows of the Corporation.

Presented below are reconciliations prepared by the Corporation to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Corporation from those reported under Canadian GAAP.

#### a) Acquisition, exploration and evaluation expenditures

*Under Canadian GAAP* – The Corporation used the policy to defer the cost of exploration and evaluation assets and their related exploration and development expenditures until the properties are placed into production, sold or abandoned. These costs would be amortized over the estimated useful life of the properties following the commencement of production. Cost includes both the cash consideration as well as the fair market value of any securities issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments were made at the sole discretion of the Corporation, were recorded in the accounts at such time as the payments are made. The proceeds from property options granted reduced the cost of the related property and any excess over cost is applied to income.

*Under IFRS* – All direct costs related to the acquisition of mineral property interests are capitalized into exploration and evaluation assets on a property by property basis. Exploration and evaluation costs, net of incidental revenues, are capitalized in the period incurred into exploration and evaluation assets as permitted under IFRS 6. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

*Transition Impact* – As at the transition date, January 1, 2010, the Corporation adjusted exploration and evaluation assets for expenditures incurred before the Corporation had obtained the legal rights to the property as per IFRS 6. The Corporation has elected to continue to capitalize exploration and evaluation activities that are directly related to the discovery, acquisition or development of exploration and evaluation assets upon transition to IFRS. Future income taxes have been correspondingly adjusted to reflect the above changes.

#### b) Share-based Compensation

*Under Canadian GAAP* – The fair value of stock-based awards with graded vesting were calculated as one grant and the resulting fair value was recognized on a straight-line basis over the vesting period. Forfeitures of awards were recognized as they occurred.

*Under IFRS* – Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of each of the respective tranches. Forfeiture estimates are recognized on the grant date and revised for actual experiences in subsequent periods.

*Transition Impact* – As at the transition date, January 1, 2010, the Corporation had no share-based compensation, resulting in no adjustment. As at March 31, 2010, the Corporation had vested share-based payments requiring no forfeiture adjustment. As at December 31, 2010, the Corporation estimated forfeitures as required by IFRS.

#### c) Equity Reserves

*Under Canadian GAAP* – The Corporation recorded the value of share-based payments and warrants issued to contributed surplus.

*Under IFRS* – IFRS requires an entity to present, for each component of equity, a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing each change. IFRS requires a separate disclosure of the value that relates to "Reserves for warrants", "Reserves for share based payments" and any other component of equity.

*Transition Impact* – As at the transition date, January 1, 2010, the Corporation had no share-based compensation, resulting in no adjustment. As at March 31, 2010 the Corporation had vested share based payments requiring no forfeiture adjustment. As at December 31, 2010 the Corporation estimated forfeitures as required by IFRS resulting in an adjustment to share based payments reserve.



# Rockex Mining Corporation

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2011

(Stated in Canadian Dollars - Unaudited)

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### d) Flow-through Shares

*Under Canadian GAAP* – The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. The deferred income taxes relating to the temporary differences that arise when the qualifying expenditures are incurred were recorded at the time of filing the renunciation with the tax authorities. The recognition of the deferred income tax liability results in a corresponding reduction to the carrying value of the shares issued.

*Under IFRS* – The obligation to renounce tax deductions at the time of issuance of flow-through shares is recorded as a liability in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" measured using a residual or a relative fair value method. This obligation is released into the statement of comprehensive income as "other income" as and when the Corporation incurs qualifying expenditures (i.e. fulfilling its obligation to renounce tax attributes). A deferred tax liability is recognized (with the debit to statement of comprehensive income), in accordance with IAS 12, Income Taxes, in respect of the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

*Transition Impact* – As at the transition date, January 1, 2010, a premium on the issuance on flow-through shares has resulted in the recording of a liability shown in 'accounts payable and accrued liabilities'. As at March 31, 2010, the liability remained unchanged. As at December 31, 2010, the entire liability was reversed and recognized in 'other income', as expenditures have been fully incurred.