

**ROCKLAND MINERALS CORP.**

Financial Statements - Unaudited

March 31, 2012

(Expressed in Canadian dollars)

## **UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the three months ended March 31, 2012.

**ROCKLAND MINERALS CORP.**Statements of financial position  
(Expressed in Canadian dollars)

	March 31, 2012 (Unaudited) \$	December 31, 2011 (Audited) \$
<b>Assets</b>		
<b>Current assets</b>		
Cash	1,013,773	558,111
Amounts receivable	12,620	25,089
Prepaid expenses	110,075	5,075
<b>Total current assets</b>	<b>1,136,468</b>	<b>588,275</b>
<b>Non-current assets</b>		
Mineral property costs (Note 3)	672,757	672,757
Deferred financing costs	–	–
<b>Total non-current assets</b>	<b>672,757</b>	<b>672,757</b>
<b>Total assets</b>	<b>1,809,225</b>	<b>1,261,032</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	30,183	22,245
Flow-through share premium	88,235	186,914
Due to related party (Note 4)	5,883	–
<b>Total liabilities</b>	<b>124,301</b>	<b>209,159</b>
<b>Equity</b>		
Share capital	3,899,577	3,485,275
Share-based payment reserve	563,414	441,839
Deficit	(2,778,067)	(2,875,241)
<b>Total equity</b>	<b>1,684,924</b>	<b>1,051,873</b>
<b>Total liabilities and equity</b>	<b>1,809,225</b>	<b>1,261,032</b>

Nature of operations and continuance of business (Note 1)

Commitments (Note 3)

Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

/s/ "Ravinder Mlait"

Ravinder Mlait, Director

/s/ "Bryan Loree"

Bryan Loree, Director

(The accompanying notes are an integral part of these financial statements)

**ROCKLAND MINERALS CORP.**Statements of operations and comprehensive loss  
(Expressed in Canadian dollars)

	Three months ended March 31, 2012 \$	Three months ended March 31, 2011 \$
Revenue	–	–
Operating expenses		
Consulting fees	12,000	–
Investor relations	13,182	20,974
Mineral exploration costs (Note 3)	85,538	123,758
Office and miscellaneous	1,090	4,087
Professional fees	573	2,073
Salaries and benefits (Note 4)	38,654	24,072
Stock-based compensation	106,877	–
Transfer agent and filing fees	12,767	5,213
Travel	1,469	5,272
Quebec Resource Tax Credits	(182,410)	–
Total operating expenses	89,740	185,449
Net loss before other income	(89,740)	(185,449)
Other income		
Flow-through share premium	186,914	–
Net loss and comprehensive loss for the period	97,174	(185,449)
Loss per share, basic and diluted	(0.01)	(0.01)
Weighted average shares outstanding	32,428,137	18,452,142

(The accompanying notes are an integral part of these financial statements)

# ROCKLAND MINERALS CORP.

Statement of changes in equity  
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve \$	Deficit \$	Total \$
	Number of shares	Amount \$			
<b>Balance, January 1, 2010</b>	6,625,000	374,250	67,175	(190,324)	251,101
Shares issued pursuant to initial public offering	6,670,000	1,000,500	–	–	1,000,500
Shares issued pursuant to private placements – flow-through	4,357,142	770,000	–	–	770,000
Reduction for flow-through share premium	–	(101,429)	–	–	(101,429)
Shares issued pursuant to mineral property option agreements	700,000	117,000	–	–	117,000
Shares issued as finder's fee	100,000	15,000	–	–	15,000
Share issuance costs	–	(211,818)	–	–	(211,818)
Fair value of stock options	–	–	158,161	–	158,161
Fair value of stock options granted for finder's fee	–	(25,661)	25,661	–	–
Fair value of share purchase warrants issued as share issuance costs	–	(62,839)	62,839	–	–
Net loss		–	–	(1,244,274)	(1,244,274)
<b>Balance, December 31, 2010</b>	18,452,142	1,875,003	313,836	(1,434,598)	754,241
Net Loss	0	0	0	(185,449)	(185,449)
<b>Balance, March 31, 2011</b>	18,452,142	1,875,003	313,836	(1,620,047)	568,792
Shares issued pursuant to private placements – non flow-through	2,706,666	380,250	–	–	380,250
Shares issued pursuant to private placements – flow-through	9,345,697	1,470,829	–	–	1,470,829
Reduction for flow-through share premium	–	(186,914)	–	–	(186,914)
Shares issued pursuant to mineral property option agreements	1,400,000	173,000	–	–	173,000
Share issuance costs	–	(167,267)	–	–	(167,267)
Fair value of stock options	–	–	68,377	–	68,377
Fair value of stock options granted for finder's fee	–	(5,279)	5,279	–	–
Fair value of agents' options granted	–	(54,347)	54,347	–	–
Net loss	–	–	–	(1,255,194)	(1,255,194)
<b>Balance, December 31, 2011</b>	31,904,505	3,485,275	441,839	(2,875,241)	1,051,873
Shares issued pursuant to private placements – non flow-through	178,571	65,000	–	–	65,000
Shares issued pursuant to private placements – flow-through	2,941,176	500,000	–	–	500,000
Reduction for flow-through premium	–	(88,235)	–	–	(88,235)
Share issuance costs	–	(47,764)	–	–	(47,764)
Fair Value of stock options	–	–	106,877	–	106,877
Fair value of agents' options granted	–	(14,698)	14,698	–	–
Net Loss	–	–	–	97,173	97,173
<b>Balance, March 31, 2012</b>	35,024,252	–	563,414	(2,778,068)	1,684,924

(The accompanying notes are an integral part of these financial statements)

**ROCKLAND MINERALS CORP.**

Statements of cash flows

(Expressed in Canadian dollars)

	Three months ended March 31, 2012 \$	Three months ended March 31, 2011 \$
Operating activities		
Net loss for the period	97,173	(185,449)
Items not involving cash:		
Flow-through share premium	(186,914)	–
Stock-based compensation	106,877	–
Changes in non-cash operating working capital:		
Amounts receivable	12,469	43,652
Prepaid expenses	(105,000)	16,133
Accounts payable and accrued liabilities	7,938	(39,841)
Due to related party	5,883	–
Net cash used in operating activities	(61,574)	(165,505)
Investing activities		
Mineral property acquisition costs	–	–
Net cash used in investing activities	–	–
Financing activities		
Proceeds from issuance of common shares	565,000	–
Share issuance costs	47,764	–
Deferred financing costs	–	–
Net cash provided by financing activities	517,236	–
Increase (decrease) in cash	455,662	(165,505)
Cash, beginning of the period	558,111	390,198
Cash, end of period	1,013,773	224,693
Non-cash investing and financing activities:		
Shares issued pursuant to mineral property option agreements	–	–
Shares issued as finder's fees	–	–
Fair value of agent's options, stock options, and share purchase warrants recorded as share issuance costs	121,575	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these financial statements)

## **ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### **1. Nature of Operations**

The Company was incorporated on June 12, 2008 under the Business Corporations Act (BC). The Company is an exploration stage company currently focused on the exploration of mineral property projects in Quebec, Canada. It has not yet been determined whether the properties contain mineral reserves that are economically recoverable. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2012, the Company has no source of revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$2,778,067 and has no source of revenues. These factors raise substantial doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **2. Significant Accounting Policies**

#### **(a) Basis of Preparation**

These interim financial statements have been prepared in accordance International Financial Reporting Standards ("IFRS"). The Company adopted IFRS for the first time in its interim financial statements for the three month period ended March 31, 2011.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### **(b) Use of Estimates**

The preparation of the financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the useful life and recoverability of impairment of mineral property costs, determination of reclamation provisions, measurement of share-based payments, fair values of financial instruments, and deferred income tax asset valuation allowances.

## **ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### **2. Significant Accounting Policies (continued)**

#### (c) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

#### (d) Mineral Property Costs

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

The amounts shown for mineral properties represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of mineral properties when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property.

#### (e) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized.

#### (f) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.



## **ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### **2. Significant Accounting Policies (continued)**

#### (f) Impairment on Non-Current Assets (continued)

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of income.

#### (g) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

#### (h) Financial Instruments

##### (i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

#### (h) Financial instruments (continued)

##### (i) Non-derivative financial assets (continued)

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

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company does not have any assets classified as fair value through profit or loss.

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

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

###### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any assets classified as available-for-sale.

###### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables are comprised of cash and amounts receivable.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

#### (h) Financial instruments (continued)

##### (i) Non-derivative financial assets (continued)

###### *Impairment of financial assets*

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

##### (ii) Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

#### (h) Financial instruments (continued)

##### (ii) Non-derivative financial liabilities (continued)

The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities and amounts due to related parties.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

##### (iii) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

#### (i) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in profit or loss.

#### (j) Income Taxes

##### *Current income tax*

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred income tax*

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

## **ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### **2. Significant Accounting Policies (continued)**

#### **(k) Flow-through Shares**

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

#### **(l) Loss Per Share**

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

#### **(m) Comprehensive Loss**

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in profit or loss.

#### **(n) Stock-based Compensation**

The Company grants share-based awards to employees, directors and consultants as an element of compensation. The fair value of the awards is recognized over the vesting period as share-based compensation expense and contributed surplus. The fair value of share-based payments is determined using the Black-Scholes option pricing model using estimates at the date of the grant. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of income with a corresponding entry within equity, against contributed surplus. No expense is recognized for awards that do not ultimately vest. When stock options are exercised, the proceeds received, together with any related amount in contributed surplus, are credited to share capital.

Share-based payments arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, unless the fair value cannot be estimated reliably. If the Company cannot reliably estimate the fair value of the goods or services received, the Company will measure their value by reference to the fair value of the equity instruments granted.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

#### (o) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the three month period ended March 31, 2012, and have not been applied in preparing these financial statements.

##### (i) Effective for annual periods beginning on or after July 1, 2011:

###### *Amendments to IFRS 7, "Financial Instruments: Disclosures"*

Increase in disclosure with regards to the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions that take place around the end of a reporting period.

##### (ii) Effective for annual periods beginning on or after July 1, 2012:

###### *Amendments to IAS 1 "Presentation of Financial Statements"*

In June 2011, the IASB issued amendments to IAS 1 to require companies to group together items within other comprehensive income ("OCI") that may be reclassified to the statement of income. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two separate statements. The amendments are to be applied retrospectively.

##### (iii) Effective for annual periods beginning on or after January 1, 2013:

###### *New standard IFRS 9, "Financial Instruments"*

Partial replacement of IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for how an entity should classify and measure financial assets that are in the scope of IAS 39. The standard requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if two criteria are met: (a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and (b) the contractual cash flows under the instrument solely represent payments of principal and interest. If a financial asset meets the criteria to be measured at amortized cost, it can be designated at fair value through profit or loss under the fair value option, if doing so would significantly reduce or eliminate an accounting mismatch. If a financial asset does not meet the business model and contractual terms criteria to be measured at amortized cost, then it is subsequently measured at fair value. In October 2010, the IASB issued additions to IFRS 9 relating to accounting for financial liabilities. Under the new requirements, an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss.

###### *New Standard IFRS 10, "Consolidated Financial Statements"*

In May 2011, the IASB issued IFRS 10 to replace portions of IAS 27, "Consolidated and Separate Financial Statements" and interpretation SIC-12, "Consolidated - Special Purpose Entities". IFRS 10 incorporates a single model for consolidating all entities that are controlled and revises the definition of control to be "An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the current ability to affect those returns through its power over the investee". Along with control, the new standard also focuses on the concept of power, both of which will include a use of judgement and a continuous reassessment as facts and circumstances change.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### 2. Significant Accounting Policies (continued)

(o) Accounting Standards Issued But Not Yet Effective (continued)

(iii) Effective for annual periods beginning on or after January 1, 2013 (continued):

#### *New standard IFRS 11, "Joint Arrangements"*

In May 2011, the IASB issued IFRS 11 to replace IAS 31, "Interest in Joint Ventures". The new standard will apply to the accounting for interest in joint arrangements where there is joint control. Joint arrangements will be separated into joint ventures and joint operations. The structure of the joint arrangement will no longer be the most significant factor on classifying a joint arrangement as either a joint operation or a joint venture. Proportionate consolidations will be removed and replaced with equity accounting.

#### *New standard IFRS 12 "Disclosure of Interest in Other Entities"*

In May 2011, the IASB issued IFRS 12. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements.

#### *New standard IFRS 13, "Fair Value Measurement"*

In May 2011, the IASB issued IFRS 13. The new standard converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price.

The Company has not early-adopted these new and revised standards and is currently assessing the impact that these standards will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 3. Mineral Property Costs

*Mineral property acquisition costs:*

	Blue Lake \$	Retty Lake \$	Ashuanipi \$	Schefferville \$	Total \$
Balance, December 31, 2009	–	215,760	44,837	–	260,597
Additions	–	3,025	82,064	62,000	147,089
Balance, December 31, 2010	–	218,785	126,901	62,000	407,686
Additions	175,000	2,071	–	88,000	265,071
Balance, December 31, 2011 & March 31, 2012	175,000	220,856	126,901	150,000	672,757

**ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

**3. Mineral Property Costs** (continued)*Mineral exploration costs:*

Three month period ended March 31, 2012

	Blue Lake \$	Retty Lake \$	Ashuanipi \$	Schefferville \$	Total \$
Assays	–	–	–	–	–
Claims maintenance fees	7,763	1,744	–	1,221	10,728
Drilling	–	–	–	–	–
Equipment rental, field supplies, and other	19,772	9,040	–	11,735	40,547
Geophysics	–	–	–	–	–
Transportation and accommodations	554	554	–	–	1,108
Engineering Fees	33,155	–	–	–	33,155
	61,244	11,338	–	12,956	85,538

Year ended December 31, 2011

	Blue Lake \$	Retty Lake \$	Ashuanipi \$	Schefferville \$	Total \$
Assays	–	42,986	–	2,290	45,276
Claims maintenance fees	–	12,671	–	17,283	29,954
Drilling	–	440,788	–	14,645	455,433
Equipment rental, field supplies, and other	4,650	63,724	6,787	–	75,161
Geophysics	–	800	–	275,851	276,651
Transportation and accommodations	–	132,879	–	83,770	216,649
	4,650	693,848	6,787	393,839	1,099,124

Year ended December 31, 2010:

	Retty Lake \$	Ashuanipi \$	Schefferville \$	Total \$
Assays	–	807	10,921	11,728
Claims maintenance fees	36,105	3,424	6,959	46,488
Drilling	–	–	522,290	522,290
Equipment rental, field supplies, and other	–	696	3,849	4,545
Geophysics	180,129	14,700	6,250	201,079
Transportation and accommodations	–	8,699	26	8,725
Mining duties refund	(7,632)	–	–	(7,632)
	208,602	28,326	550,295	787,223

*Retty Lake Property*

On June 30, 2008 (as amended on May 5, 2009, September 29, 2009, and January 14, 2010), the Company entered into option agreement to acquire a 100% interest in the Retty Lake Property located in Quebec, Canada.

To earn this interest, the Company issued 2,000,000 common shares (recorded at a fair value of \$200,000) and must incur exploration expenditures on the property totalling \$1,850,000. The Company incurred \$5,000 pursuant to the May 5, 2009 amendment.



## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

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### 3. Mineral Property Costs (continued)

#### *Retty Lake Property (continued)*

Exploration expenditures to be incurred:

- \$270,000 by December 30, 2010 (completed);
- an additional \$745,000 by December 30, 2011 (completed); and
- an additional \$697,683 by March 31, 2014

The optionor retains a 3% Net Smelter Royalty ("NSR") which the Company has first right to purchase for \$3,000,000 after the Company exercises the option to acquire the 100% interest in the property.

#### *Ashuanipi Property*

On August 8, 2009 (as amended on January 14, 2010, July 18, 2010 and August 31, 2011), the Company entered into an option agreement to acquire a 100% interest in the Ashuanipi Property located in Quebec, Canada.

To earn this interest, the Company must issue a total of 500,000 common shares, issue 600,000 share purchase warrants exercisable at \$0.05 per share for a period of two years (issued and recorded at a fair value of \$44,837), and incur exploration expenditures on the property totalling \$1,300,000 as follows:

Shares to be issued:

- 500,000 common shares to be issued prior to the first anniversary (issued).

Exploration expenditures to be incurred:

- \$30,000 by December 31, 2010 (incurred);
- an additional \$300,000 by December 31, 2012;
- an additional \$400,000 by December 31, 2013; and
- an additional \$570,000 by December 31, 2014.

The optionor retains a 3% NSR which the Company has first right to purchase for \$3,000,000 after the Company exercises the option to acquire the 100% interest in the property.

#### *Schefferville Property*

On September 29, 2010, the Company entered into an option agreement to acquire an undivided 55% interest in the Schefferville Property located in Quebec, Canada. To earn this interest, the Company must make cash payments totaling \$60,000, issue a total of 600,000 common shares, and incur exploration expenditures on the property totaling \$800,000 as follows:

Cash to be paid:

- \$20,000 upon execution of the agreement (paid);
- \$10,000 on or before September 29, 2011 (paid);
- \$15,000 on or before September 29, 2012 (paid); and
- \$15,000 on or before September 29, 2013 (paid).

Shares to be issued:

- 200,000 common shares upon execution of the agreement (issued);
- 100,000 common shares on or before September 29, 2011 (issued);
- 150,000 common shares on or before September 29, 2012 (issued); and
- 150,000 common shares on or before September 29, 2013 (issued).

Exploration expenditures to be incurred:

- \$200,000 on or before September 29, 2011 (completed);
- \$250,000 on or before September 29, 2012 (completed); and
- \$350,000 on or before September 29, 2013 (completed).

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

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(Expressed in Canadian dollars)

### 3. Mineral Property Costs (continued)

#### *Schefferville Property (continued)*

The optionor retains a minimum 2% NSR on the property of which 1% can be purchased for \$1,000,000 by the Company at any time.

During the year ended December 31, 2011 the Company completed all of its obligations and acquired 55% and subsequently increased the interest to 64% of the Schefferville Property.

#### *Blue Lake Property*

On November 16, 2011, the Company entered into a mineral property option agreement to acquire a 55% undivided interest in five mining leases located Marymac area of the Labrador Trough in the province of Quebec. To earn this interest, the Company must make cash payments totaling \$350,000, issue a total of 5,000,000 common shares, and incur exploration expenditures on the property totaling \$4,500,000 as follows:

#### Cash to be paid:

- \$5,000 upon execution of the agreement (paid);
- \$20,000 upon closing of agreement and with TSX Venture Exchange approval (paid);
- \$25,000 on or before December 31, 2011;
- \$100,000 on or before November 16, 2012;
- \$100,000 on or before November 16, 2013; and
- \$100,000 on or before November 16, 2014.

#### Shares to be issued:

- 1,000,000 common shares upon closing of agreement and with TSX Venture Exchange approval (issued);
- 1,000,000 common shares on or before November 16, 2012;
- 1,000,000 common shares on or before November 16, 2013;
- 1,000,000 common shares on or before November 16, 2014; and
- 1,000,000 common shares on or before November 16, 2015.

#### Exploration expenditures to be incurred:

- \$700,000 on or before November 16, 2012;
- \$1,100,000 on or before November 16, 2013;
- \$1,200,000 on or before November 16, 2014; and
- \$1,500,000 on or before November 16, 2015.

### 4. Related Party Transactions

- (a) During the three month period ended March 31, 2012, the amount of \$18,000 (2011 – \$15,400) was paid to a director for geological work performed on the mineral properties.
- (b) During the three month period ended March 31, 2012, the Company paid \$18,000 (2011 – \$15,000) in salary to the President of the Company.
- (c) During the three month period ended March 31, 2012, the Company paid \$18,000 (2011 – \$7,500) in salary to the Chief Financial Officer of the Company.
- (d) As at March 31, 2012, the amount of \$5,883 (2011 - \$2,874) was owed to a director of the Company, which is non-interest bearing, unsecured, and due on demand.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### 5. Share Capital

Authorized: Unlimited common shares without par value  
Unlimited preferred shares without par value

Share issuance for the three month period ended March 31, 2012:

- (a) On March 20, 2012, the Company issued 178,571 non flow-through units at \$0.14 per unit and 2,941,176 flow-through units at \$0.17 per unit for total proceeds of \$525,000. Each non flow-through unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.22 per share for a period of eighteen months. Each flow-through unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share at \$0.25 per share for a period of eighteen months. In connection with this private placement, the Company paid a commission of \$36,750 and granted 247,579 agent's options exercisable at \$0.14 per share for a period of eighteen months.
- (b) On February 10, 2012, the Company issued 266,666 common shares at \$0.15 per share for proceeds of \$40,000. There was no compensation paid in connection with this share issuance.

Share issuances for the year ended December 31, 2011:

- (a) On December 12, 2011, the Company issued 1,000,000 common shares with a fair value of \$125,000 pursuant to the Blue Lake Property mineral option agreement. Refer to Note 3.
- (b) On November 18, 2011, the Company issued 2,142,000 flow-through units at \$0.14 per unit for proceeds of \$299,880. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.20 per share for a period of eighteen months. A flow-through share premium of \$42,840 was recognized as a reduction against the proceeds received. The Company also issued 833,333 non flow-through units at \$0.12 per unit for proceeds of \$100,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.20 per share for a period of eighteen months.
- (c) On November 25, 2011, the Company issued 1,789,286 flow-through units at \$0.14 per unit for proceeds of \$250,500. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.20 per share for a period of eighteen months. A flow-through share premium of \$35,786 was recognized as a reduction against the proceeds received. The Company also issued 25,000 non flow-through units at \$0.12 per unit for proceeds of \$3,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.20 per share for a period of eighteen months.

In connection with the November 18, 2011 and the November 25, 2011 private placements, the Company paid finder's fees and commission of \$64,915 and issued 383,168 agent's options with a fair value of \$19,905. Refer to Note 7.

- (d) On April 29, 2011, the Company issued 5,414,411 flow-through units at \$0.17 per unit for proceeds of \$920,449. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.26 per share for a period of eighteen months. A flow-through share premium of \$108,288 was recognized as a reduction against the proceeds received. The Company also issued 1,848,333 non flow-through units at \$0.15 per unit for proceeds of \$277,250. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one

## **ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

(Expressed in Canadian dollars)

### **5. Share Capital (continued)**

Share issuances for the year ended December 31, 2011 (continued)

additional common share at an exercise price of \$0.28 per share for a period of eighteen months. In connection with this private placement, the Company paid finder's fees of \$102,352 and issued 553,019 agent's options with a fair value of \$34,442. Refer to Note 7.

- (e) On June 10, 2011, the Company issued 400,000 common shares with a fair value of \$48,000 pursuant to the Schefferville Property mineral option agreement. Refer to Note 3.

Share issuances for the year ended December 31, 2010:

- (a) On December 2, 2010, the Company issued 1,500,000 flow-through units at \$0.18 per unit for gross proceeds of \$270,000. Each unit consisted of one flow-through common share and one half share purchase warrant. Each full share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.28 per share for the first year and \$0.36 for the second year, expiring December 2, 2012. A flow-through share premium of \$30,000 was recognized as a reduction against the proceeds received. In connection with this private placement the Company incurred \$18,900 in share issuance costs.
- (b) On September 29, 2010, the Company issued 200,000 common shares with a fair value of \$42,000 pursuant to the Schefferville Property mineral option agreement. Refer to Note 3.
- (c) On September 8, 2010, the Company issued 2,857,142 flow-through units at \$0.175 per unit for proceeds of \$500,000. Each unit consisted of one flow-through common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.27 per share for the first year and \$0.35 per share for the second year expiring on September 7, 2012. A flow-through share premium of \$71,429 was recognized as a reduction against the proceeds received. In connection with this private placement, the Company paid finder's fees of \$41,950 and granted 285,714 agent's options with a fair value of \$25,661. Refer to Note 7.
- (d) On August 7, 2010, the Company issued 500,000 common shares with a fair value of \$75,000 pursuant to the Ashuanipi Property mineral option agreement. Refer to Note 3.
- (e) On June 28, 2010, the Company completed its Initial Public Offering ("IPO") and issued 6,670,000 units at \$0.15 per unit for gross proceeds of \$1,000,500. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one additional common share at an exercise price of \$0.25 per share expiring on June 28, 2012. In connection with the IPO, the Company incurred \$135,968 in share issuance costs. The Company also issued 100,000 common shares with a fair value of \$15,000 and 667,000 share purchase warrants with a fair value of \$62,839 to the agent. Refer to Note 6.

### **6. Share Purchase Warrants**

On June 28, 2010, the Company issued 667,000 share purchase warrants exercisable at \$0.15 per common share expiring on June 28, 2012 to the IPO agent. The fair value of \$62,839 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 2 years, risk-free rate of 1.56%, and no expected dividends.

The following table summarizes the continuity of share purchase warrants:

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

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### 6. Share Purchase Warrants (continued)

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2009	1,505,000	0.17
Issued	9,515,571	0.26
Balance, December 31, 2010	11,020,571	0.25
Issued	6,026,181	0.25
Expired	(1,505,000)	0.17
Balance, December 31, 2011	15,541,752	0.26
Issued	1,559,873	0.25
Balance, March 31, 2012	17,101,625	0.26

As at March 31, 2012, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
6,670,000	0.25	June 28, 2012
667,000	0.15	June 28, 2012
1,428,571	0.35	September 7, 2012
750,000	0.36	December 2, 2012
2,707,205	0.28	October 28, 2012
924,166	0.26	October 28, 2012
1,487,667	0.20	May 18, 2013
907,143	0.20	May 25, 2013
89,285	0.22	September 20, 2013
1,470,588	0.25	September 20, 2013
<u>17,101,625</u>		

### 7. Stock Options

Pursuant to the Company's stock option plan dated October 1, 2009 (amended on December 23, 2009), the Company may grant stock options to directors, officers, employees and consultants. The maximum aggregate number of common shares which may be reserved for issuance, set aside and made available for issuance under the plan may not exceed 10% of the issued and outstanding common shares of the Company at the time of granting the stock options. Stock options granted to any person engaged in investor relations activities will vest in stages over one year with no more 25% of the stock options vesting in any three month period. The exercise price of any stock options granted under the plan shall be determined by the Board, but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

The following table summarizes the continuity of the Company's stock options:

**ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

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**7. Stock Options** (continued)

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2009	600,000	0.15
Granted	1,095,000	0.15
Outstanding, December 31, 2010	1,695,000	0.15
Granted	905,600	0.16
Cancelled	(1,085,000)	0.15
Outstanding, December 31, 2011	1,515,600	0.16
Granted	950,000	0.20
Outstanding, March 31, 2012	2,465,600	0.18

Additional information regarding stock options outstanding as at March 31, 2012 is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.15 to 0.155	1,445,000	4.4	0.15
0.26	70,600	0.1	0.26
0.20	950,000	6.9	0.20
	2,465,600	5.2	0.17

The fair value of stock options granted during the three month period ended March 31, 2012 was \$106,877 (2011 - \$nil), which was charged to operations.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2012	2011	2010
Risk-free interest rate	1.29%	1.47%	1.76%
Expected life (in years)	10	1.7	3
Expected volatility	125%	125%	125%

The weighted average fair value of stock options granted during the three month period ended March 31, 2012 was \$0.20 (2010 - \$0.11) per stock option.

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

March 31, 2012

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### 7. Stock Options (continued)

#### *Agent's Options*

	Number of agents' options	Weighted average exercise price \$
Outstanding, December 31, 2009	–	–
Granted	285,714	0.175
Outstanding, December 31, 2010	285,714	0.175
Granted	936,187	0.20
Outstanding, December 31, 2011	1,221,901	0.20
Granted	247,579	0.14
Outstanding, March 31, 2012	1,469,480	0.19

On March 20, 2012, the Company granted 247,579 agent's options exercisable at \$0.14 per option expiring on September 20, 2013. The fair value of \$14,698 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 1.27%, and no expected dividends.

On January 27, 2012, the Company granted 600,000 options to Directors and Officers of the Company and exercisable at \$0.20 per option expiring on January 27, 2022. The fair value of \$79,476 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 1.27%, and no expected dividends.

On January 27, 2012, the Company granted 350,000 options to consultants of the Company and exercisable at \$0.20 per option expiring on January 27, 2014. The fair value of \$27,401 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 1.27%, and no expected dividends.

On April 29, 2011, the Company granted 553,019 agent's options exercisable at \$0.26 per unit expiring on October 28, 2012. Each unit will consist of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at \$0.20 per common share expiring on October 28, 2013. The fair value of \$34,442 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 1.60%, and no expected dividends.

On November 18, 2011, the Company granted 238,026 agent's options exercisable at \$0.12 per unit expiring on May 18, 2013. Each unit will consist of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at \$0.20 per common share expiring on May 18, 2013. The fair value of \$12,365 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 0.92%, and no expected dividends.

On November 25, 2011, the Company granted 145,142 agent's options exercisable at \$0.12 per unit expiring on May 25, 2013. Each unit will consist of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at \$0.20 per common share expiring on May 25, 2013. The fair value of \$7,540 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 1.5 years, risk-free rate of 0.92%, and no expected dividends.

On September 8, 2010, the Company granted 285,714 agents' options exercisable at \$0.175 per unit were outstanding. Each unit will consist of one common share and one-half share purchase warrant. Each whole share purchase warrant is exercisable at a price of \$0.27 per common share for the first

## ROCKLAND MINERALS CORP.

Notes to the financial statements (Unaudited)

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### 7. Stock Options (continued)

year and \$0.35 per common share for the second year, expiring on September 7, 2012. The fair value of \$25,661 recorded as share issuance costs was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 125%, expected life of 2 years, risk-free rate of 1.27%, and no expected dividends.

The weighted average fair value of agents' options granted during the year ended December 31, 2011 was \$0.08 (2010 - \$0.09) per option.

### 8. Financial Instruments and Risks

#### (a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's balance sheet as at March 31, 2012 as follows:

	Fair Value Measurements Using			Balance, March 31, 2012 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	1,013,773	–	–	1,013,773

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying values due to the relatively short-term maturity of these instruments.

#### (b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST/HST/QST receivables which are due from the Government of Canada and the province of Quebec. The carrying amount of financial assets represents the maximum credit exposure.

#### (c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

#### (d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

#### (e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.



## **ROCKLAND MINERALS CORP.**

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March 31, 2012

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### **9. Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the period ended December 31, 2010.

### **10. Segmented Information**

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

### **11. Transition to IFRS**

As stated in Note 2, the March 31, 2011 interim financial statements were the first prepared in accordance with IFRS.

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the three month period ended March 31, 2012, the comparative information presented in these financial statements for the three month period ended March 31, 2011.

#### *First Time Adoption of IFRS*

The Company 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 ("IFRS 1"), the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit, with IFRS providing certain optional and mandatory exemptions to this principle.

The Company has elected to apply the following optional exemptions:

#### *Share-based payment transactions*

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, "Share-based Payment" to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to January 1, 2010.

#### *Fair value as deemed cost*

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an asset at the opening balance sheet date. The Company has elected to use historical cost for its mineral property costs.

## **ROCKLAND MINERALS CORP.**

Notes to the financial statements (Unaudited)

March 31, 2012

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### **11. Transition to IFRS (continued)**

#### *Reconciliation to previously reported financial statements*

##### Share-based payments

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 the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Under Canadian GAAP, the fair value of share-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

As share-based awards were fully vested when issued, the transition from Canadian GAAP to IFRS had no material impact on the statements of financial position or operations.

##### Flow-through shares

Under IFRS, the proceeds from flow-through shares are allocated between the offering of the share and the sale of the tax benefits. The allocation is based on the difference between the amount the investor pays for the flow-through shares and the share prices as of the date the transaction is approved. A liability is recognized for the premium, and extinguished when the tax effect of the temporary differences, resulting from incurring the relevant expenditure, is recorded.

Under Canadian GAAP, the Company recorded the gross proceeds relating to the flow-through shares to share capital at the time of issuance. The Company then recorded a charge (reduction) to share capital at the time the tax benefits of the flow-through shares were renounced to the investors. The charge was calculated by multiplying the amount of the renounced tax benefits (which are equal to the proceeds of the flow-through share issue) by the effective tax rate at the time. The offset would go to the deferred tax liability to reflect the fact that the Company could no longer use the tax attributes for its benefit.

### **12. Subsequent Events**

- (a) On April 10, 2012, the Company issued 714,286 units at \$0.14 per unit for proceeds of \$100,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.22 per share for a period of eighteen months.
- (b) On May 7, 2012, E.D. Black granted the Company an extension on with respect to the Year 4 work commitment on Retty Lake. The Year 4 work commitment date was amended to March 31, 2014 and the work commitment amount is \$697,683.