

ROCKLAND MINERALS CORP.

Financial Statements

Years Ended December 31, 2012 and 2011

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Rockland Minerals Corp.

We have audited the statements of financial position of Rockland Minerals Corp. as at December 31, 2012 and 2011, and the statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also involves evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Rockland Minerals Corp. as at December 31, 2012 and 2011 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Rockland Minerals Corp. to continue as a going concern.

/s/ SATURNA GROUP CHARTERED ACCOUNTANTS LLP

Saturna Group Chartered Accountants LLP

Vancouver, Canada

April 26, 2013

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

	December 31, 2012 \$	December 31, 2011 \$
Assets		
Current assets		
Cash and cash equivalents	451,913	558,111
Amounts receivable	65,783	25,089
Prepaid expenses	1,071	5,075
Total current assets	518,767	588,275
Non-current assets		
Exploration and evaluation assets (Note 3)	590,856	672,757
Total assets	1,109,623	1,261,032
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	92,015	22,245
Flow-through share premium (Note 5)	88,235	186,914
Total liabilities	180,250	209,159
Equity		
Share capital	4,150,608	3,485,275
Share subscriptions received (Note 5)	53,530	—
Share-based payment reserve	586,226	441,839
Deficit	(3,860,991)	(2,875,241)
Total equity	929,373	1,051,873
Total liabilities and equity	1,109,623	1,261,032

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 12)

Approved and authorized for issuance by the Board of Directors on April 26, 2013:

/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)

	Year ended December 31, 2012 \$	Year ended December 31, 2011 \$
Revenue	–	–
Operating expenses		
Consulting fees	20,000	67,850
Impairment of exploration and evaluation assets (Note 3)	126,901	–
Investor relations	74,600	40,384
Mineral exploration costs (Notes 3 and 4)	598,566	1,099,124
Office and miscellaneous	10,571	17,118
Professional fees	20,402	63,225
Salaries and benefits (Note 4)	149,965	132,638
Stock-based compensation (Note 4)	125,711	68,377
Transfer agent and filing fees	27,611	31,390
Travel	18,337	21,966
Total operating expenses	1,172,664	1,542,072
Net loss before other income	(1,172,664)	(1,542,072)
Other income		
Flow-through share premium	186,914	101,429
Net loss and comprehensive loss for the year	(985,750)	(1,440,643)
Loss per share, basic and diluted	(0.03)	(0.06)
Weighted average shares outstanding	35,210,677	24,244,166

(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 subscriptions received \$	Share-based payment reserve \$	Deficit \$	Total \$
	Number of shares	Amount \$				
Balance, December 31, 2010	18,452,142	1,875,003	–	313,836	(1,434,598)	754,241
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 granted	–	–	–	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	–	–	–	–	(1,440,643)	(1,440,643)
Balance, December 31, 2011	31,904,505	3,485,275	–	441,839	(2,875,241)	1,051,873
Shares issued pursuant to private placements – non flow-through	1,284,523	185,000	–	–	–	185,000
Shares issued pursuant to private placements – flow-through	5,084,176	650,010	–	–	–	650,010
Reduction for flow-through share premium	–	(88,235)	–	–	–	(88,235)
Share subscriptions received	–	–	53,530	–	–	53,530
Share issuance costs	–	(62,766)	–	–	–	(62,766)
Fair value of stock options granted	–	–	–	125,711	–	125,711
Fair value of agents' options granted	–	(18,676)	–	18,676	–	–
Net loss	–	–	–	–	(985,750)	(985,750)
Balance, December 31, 2012	38,273,204	4,150,608	53,530	586,226	(3,860,991)	929,373

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

ROCKLAND MINERALS CORP.

Statements of cash flows

(Expressed in Canadian dollars)

	Year ended December 31, 2012 \$	Year ended December 31, 2011 \$
Operating activities		
Net loss for the year	(985,750)	(1,440,643)
Items not involving cash:		
Flow-through share premium	(186,914)	(101,429)
Impairment of exploration and evaluation assets	126,901	–
Stock-based compensation	125,711	68,377
Changes in non-cash operating working capital:		
Amounts receivable	(40,694)	80,740
Prepaid expenses	4,004	16,175
Accounts payable and accrued liabilities	69,770	(47,048)
Net cash used in operating activities	(886,972)	(1,423,828)
Investing activities		
Exploration and evaluation asset acquisition costs	(45,000)	(92,071)
Net cash used in investing activities	(45,000)	(92,071)
Financing activities		
Proceeds from issuance of common shares/share subscriptions received	888,540	1,851,079
Share issuance costs	(62,766)	(167,267)
Net cash provided by financing activities	825,774	1,683,812
Increase (decrease) in cash and cash equivalents	(106,198)	167,913
Cash and cash equivalents, beginning of year	558,111	390,198
Cash and cash equivalents, end of year	451,913	558,111
Cash and cash equivalents consists of:		
Cash in bank	441,913	548,111
Cashable guaranteed investment certificate	10,000	10,000
Total cash and cash equivalents	451,913	558,111
Non-cash investing and financing activities:		
Shares issued pursuant to mineral property option agreements	–	173,000
Fair value of stock options and share purchase warrants recorded as share issuance costs	18,676	59,626
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

December 31, 2012

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Rockland Minerals Corp. (the "Company") was incorporated on June 12, 2008 under the Business Corporations Act (BC). The Company's registered office is at 7934 Government Road, Burnaby, BC, V5A 2E2.

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 December 31, 2012, the Company has no source of revenue, generates negative cash flows from operating activities, and has an accumulated deficit of \$3,860,991. 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

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations of the IFRS Interpretations Committee.

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 recoverability of exploration and evaluation assets, 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

December 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, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value 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

December 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

December 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. Cash and cash equivalents are 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 amounts receivable.

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 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

December 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.

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

December 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 flow-through shares are renounced, 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. As at December 31, 2012, the Company had 8,633,113 (2011 – 18,279,253) potential dilutive shares outstanding.

(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) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

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

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 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 year ended December 31, 2012, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

New standard IFRS 10, "Consolidated Financial Statements" and IFRS 12 "Disclosure of interests in Other Entities"

New standard IFRS 11, "Joint Arrangements"

New standard IFRS 13, "Fair Value Measurement"

Amendments to IAS 1, "Presentation of Financial Statements"

Interpretation 20 "Stripping Costs in the Production Phase of a Surface Mine"

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on the 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, 2010	–	218,785	126,901	62,000	407,686
Additions	175,000	2,071	–	88,000	265,071
Balance, December 31, 2011	175,000	220,856	126,901	150,000	672,757
Additions	45,000	–	–	–	45,000
Impairment	–	–	(126,901)	–	(126,901)
Balance, December 31, 2012	220,000	220,856	–	150,000	590,856

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

3. Mineral Property Costs (continued)

Mineral exploration costs:

Year ended December 31, 2012:

	Blue Lake \$	Retty Lake \$	Ashuanipi \$	Schefferville \$	Total \$
Assays	63,753	23,061	–	–	86,814
Claims maintenance fees	15,300	21,287	–	9,680	46,267
Drilling	685,532	–	–	–	685,532
Engineering	62,219	–	–	–	62,219
Equipment rental, field supplies, and other	68,263	32,885	–	27,888	129,036
Transportation and accommodations	1,760	554	–	825	3,139
Quebec mineral tax refunds	(1,009)	(191,734)	(7,543)	(214,155)	(414,441)
	895,818	(113,947)	(7,543)	(175,762)	598,566

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

Blue Lake Property

On November 16, 2011 (as amended on November 28, 2012), the Company entered into a mineral property option agreement to acquire a 55% undivided interest in the Blue Lake, Jimmick, Chance Lake, Gance Lake, Walsh Lake and Lac Aulneau properties located in 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 (paid);
- \$45,000 on or before November 16, 2012 (paid);
- \$50,000 on or before November 16, 2013;
- \$60,000 on or before November 16, 2014;
- \$65,000 on or before November 16, 2015; and
- \$80,000 on or before November 16, 2016.

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

3. Mineral Property Costs (continued)

Shares to be issued:

- 1,000,000 common shares upon closing of agreement and with TSX Venture Exchange approval (issued);
- 1,500,000 common shares on or before November 16, 2012 (issued subsequent to year end);
- 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 (completed);
- \$400,000 on or before November 16, 2013 (completed);
- \$1,000,000 on or before November 16, 2014
- \$1,200,000 on or before November 16, 2015; and
- \$1,200,000 on or before November 16, 2016.

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.

Exploration expenditures to be incurred:

- \$270,000 by December 30, 2010 (completed);
- an additional \$745,000 by December 30, 2011 (completed); and
- an additional \$835,000 by March 31, 2014. Refer to Note 12(c).

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 (issued), 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:

- \$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.

During the year ended December 31, 2012, the Company decided to discontinue exploration on the Ashuanipi Property, resulting in an impairment charge of \$126,901.

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

3. Mineral Property Costs (continued)

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 (paid), issue a total of 600,000 common shares (issued), and incur exploration expenditures on the property totaling \$800,000 as follows:

- \$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).

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. The Company's participating interest may be adjusted if either the optionor or the Company elects to contribute less to the exploration of the property.

During the year ended December 31, 2011, the Company completed all of its obligations and acquired 55% of the property and subsequently increased the interest to 64%, based on relative mineral property expenditures, by incurring an additional \$375,973 of exploration expenditures.

4. Related Party Transactions

- (a) During the year ended December 31, 2012, the amount of \$72,000 (2011 – \$62,000) was paid to a director of the Company for geological work performed on the mineral properties.
- (b) During the year ended December 31, 2012, the Company paid \$72,000 (2011 – \$68,000) in salary to the President of the Company.
- (c) During the year ended December 31, 2012, the Company paid \$72,000 (2011 – \$58,000) in salary to the Chief Financial Officer of the Company.
- (d) During the year ended December 31, 2012, the amount of \$76,992 (2011 - \$nil) was recognized as stock-based compensation for stock options granted to officers and directors of the Company.

5. Share Capital

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

Share issuances for the year ended December 31, 2012:

- (a) As at December 31, 2012, the Company had received subscriptions for 535,857 flow-through units at \$0.07 per unit for proceeds of \$37,510 and 267,000 non flow-through units at \$0.06 per unit for proceeds of \$16,020, which are included in share subscriptions received. Refer to Note 12(a).
- (b) On December 10, 2012, the Company issued 2,143,000 flow-through units at \$0.07 per unit for proceeds of \$150,010. 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 \$0.13 per share until December 10, 2014. It was determined that there was no flow-through share premium associated with this private placement.

In connection with this private placement, the Company paid finders' fees and commission of \$12,001 and issued 171,440 agents' options with a fair value of \$5,288. Refer to Note 7.

- (c) On September 10, 2012, the Company issued 125,000 common shares at \$0.16 per share for proceeds of \$20,000.

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

5. Share Capital (continued)

- (d) On April 19, 2012, the Company issued 714,286 non flow-through 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 additional common share at an exercise price of \$0.22 per share until October 19, 2013.
- (e) On March 15, 2012, the Company issued 2,941,176 flow-through units at \$0.17 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 \$0.25 per share until September 15, 2013. A flow-through share premium of \$88,235 was recognized as a reduction against the proceeds received.

The Company also issued 178,571 non flow-through units at \$0.14 per unit for proceeds of \$25,000. 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 \$0.22 per share until September 15, 2013.

In connection with these private placements, the Company paid finder's fees and commission of \$50,765 and issued 249,579 agent's options with a fair value of \$13,387. Refer to Note 7.

- (f) On February 10, 2012, the Company issued 266,666 common shares at \$0.15 per share for proceeds of \$40,000.

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 until May 18, 2013. 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 until May 18, 2013.
- (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 until May 25, 2013. 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 until May 25, 2013.

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

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

5. Share Capital (continued)

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

- (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 until October 29, 2012. 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 additional common share at an exercise price of \$0.28 per share until October 29, 2012. 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.

6. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
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	2,988,516	0.20
Expired	(13,146,942)	0.27
Balance, December 31, 2012	5,383,326	0.20

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

Number of warrants outstanding	Exercise price \$	Expiry date
1,487,667	0.20	May 18, 2013
907,143	0.20	May 25, 2013
89,285	0.22	September 15, 2013
1,470,588	0.25	September 15, 2013
357,143	0.22	October 19, 2013
1,071,500	0.13	December 10, 2014
<u>5,383,326</u>		

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

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:

	Number of options	Weighted average exercise price \$
Outstanding, December 31, 2010	1,695,000	0.15
Granted	905,600	0.16
Cancelled/Expired	(1,085,000)	0.15
Outstanding, December 31, 2011	1,515,600	0.16
Granted	1,400,000	0.17
Expired	(470,000)	0.16
Outstanding, December 31, 2012	2,445,600	0.16

Additional information regarding stock options outstanding as at December 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	975,000	5.1	0.15
0.20	1,400,000	5.0	0.20
0.26	70,600	0.3	0.26
	2,445,600	4.9	0.18

The fair value of stock options granted during the year ended December 31, 2012 was \$144,387 (2011 - \$128,053), of which \$125,711 (2011 - \$68,377) was charged to operations and \$18,676 (2011 - \$59,676) was recorded as share issuance costs.

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

7. Stock Options (continued)

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
Risk-free interest rate	1.58%	1.47%
Expected life (in years)	5.9	1.7
Expected volatility	113%	125%

The weighted average fair value of stock options granted during the year ended December 31, 2012 was \$0.09 (2011 - \$0.08) per stock option.

Agent's Options

	Number of agents' options	Weighted average exercise price \$
Outstanding, December 31, 2010	285,714	0.175
Granted	936,187	0.20
Outstanding, December 31, 2011	1,221,901	0.20
Granted	421,019	0.135
Expired	(838,733)	0.23
Outstanding, December 31, 2012	804,187	0.13

On December 10, 2012, the Company granted 171,440 agent's options exercisable at \$0.13 into one non-flow-through common share expiring on December 10, 2014. The fair value of \$5,288 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 112%, expected life of 2 years, risk-free rate of 1.10%, and no expected dividends.

On March 15, 2012, the Company granted 249,579 agent's options exercisable at \$0.14 into one non-flow-through common share expiring on September 15, 2013. The fair value of \$13,387 was calculated using the Black-Scholes option pricing model with the following assumptions: expected volatility of 113%, expected life of 1.5 years, risk-free rate of 1.21% 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.

ROCKLAND MINERALS CORP.

Notes to the financial statements

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7. Stock Options (continued)

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.

The weighted average fair value of agents' options granted during the year ended December 31, 2012 was \$0.04 (2011 - \$0.08) 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 December 31, 2012 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Balance, December 31, 2012
	\$	\$	\$	\$
Cash and cash equivalents	451,913	–	–	451,913

The fair values of other financial instruments, which include amounts receivable and accounts payable and accrued liabilities 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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December 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 cash equivalents and equity comprised of issued share capital, share-based payment reserve, 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 year ended December 31, 2011.

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. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred tax assets and liabilities, are as follows:

	2012 \$	2011 \$
Canadian statutory income tax rate	25.0%	26.5%
Income tax recovery at statutory rate	(246,438)	(381,770)
Tax effect of:		
Permanent differences and other	337,098	(41,204)
Change in enacted tax rates	–	23,942
True-up of prior year differences	192,493	–
Change in valuation allowance	(283,153)	399,032
Income tax provision	–	–

The significant components of deferred income tax assets and liabilities are as follows:

	2012 \$	2011 \$
Deferred income tax assets		
Non-capital losses carried forward	315,544	213,554
Resource pools	97,800	476,542
Share issuance costs	58,825	65,226
Total gross deferred income tax assets	472,169	755,322
Valuation allowance	(472,169)	(755,322)
Net deferred income tax asset	–	–

ROCKLAND MINERALS CORP.

Notes to the financial statements

December 31, 2012

(Expressed in Canadian dollars)

11. Income Taxes (continued)

As at December 31, 2012, the Company has non-capital losses carried forward of approximately \$1,262,177, which are available to offset future years' taxable income. These losses expire as follows:

	\$
2027	6,093
2028	56,451
2029	83,271
2030	258,010
2031	450,414
2032	407,938
	<u>1,262,177</u>

The Company also has available mineral resource related expenditure pools totalling \$982,055 which may be deducted against future taxable income on a discretionary basis.

12. Subsequent Events

- (a) On January 11, 2013, the Company issued 535,857 flow-through units at \$0.07 per unit for proceeds of \$37,510, which was recorded as share subscriptions received as at December 31, 2012. 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 \$0.13 per share for a period of two years.

The Company also issued 267,000 non flow-through units at \$0.06 per unit for proceeds of \$16,020, which was recorded as share subscriptions received as at December 31, 2012. 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 \$0.13 per share for a period of two years.

- (b) On January 18, 2013, the Company issued 1,500,000 common shares pursuant to the Blue Lake mineral property option agreement. Refer to Note 3.
- (c) On February 12, 2013, the Company completed its 100% earn-in on the Retty Lake mineral property by issuing 1,600,000 common shares to the optionor in exchange for the optionor waiving all remaining exploration work commitments.