Grant Thornton

Financial Statements

Rockex Limited

March 31, 2009

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Grant Thornton

Auditors' Report

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To the Shareholders of

Rockex Limited

We have audited the balance sheet of Rockex Limited as at March 31, 2009 and the statements of earnings and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Thunder Bay, Canada
April 7, 2010

Chartered Accountants
Licensed Public Accountants

Rockex Limited
Statement of Earnings and Deficit

[Expressed in Canadian Dollars]
Year ended March 31, 2009
(with comparative figures for the period from June 4, 2007, the date of incorporation, to March 31, 2008)

	2009	2008
	$	$
REVENUE		
Interest	**14,434**	7,361
EXPENSES		
Amortization	**12,718**	—
Exploration	**318,903**	—
General and administrative	**54,839**	16,812
Professional fees	**130,544**	31,937
	517,004	48,749
Loss before the following	**(502,570)**	(41,388)
Write-down of mineral properties	**(94,929)**	—
Loss before income taxes	**(597,499)**	(41,388)
Income taxes *[note 7]*		
Current	**666**	—
Future	**(122,028)**	—
	(121,362)	—
Loss for year	**(476,137)**	(41,388)
Deficit, beginning of year	**(41,388)**	—
Deficit, end of year	**(517,525)**	(41,388)

See accompanying notes to the financial statements.

Rockex Limited
Balance Sheet

[Expressed in Canadian Dollars]

As at March 31	**2009**	2008
	$	$
ASSETS		
Current		
Cash and cash equivalents	**13,334**	95,877
Investments	**353,448**	1,007,361
Accounts receivable	**146,437**	51,414
Prepaids and deposits	**14,524**	65,262
Total current assets	**527,743**	1,219,914
Equipment, net *[note 4]*	**34,484**	31,696
Mineral properties *[note 5]*	**12,761,976**	880,455
	13,324,203	2,132,065
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**451,677**	417,388
Future tax liability *[note 7]*	**465,951**	130,210
Shareholders' equity		
Share capital		
Issued		
Common shares *[note 6]*	**12,924,100**	1,560,755
Share subscriptions received in advance	**—**	65,100
Deficit	**(517,525)**	(41,388)
Total shareholders' equity	**12,406,575**	1,584,467
	13,324,203	2,132,065

Subsequent events *[note 9]*

See accompanying notes to the financial statements.

On behalf of the Board:

"Pierre Gagné"

Director

GrantThornton

Rockex Limited
Statement of Cash Flows

[Expressed in Canadian Dollars]
Year ended March 31, 2009
(with comparative figures for the period from
June 4, 2007, the date of incorporation, to March 31, 2008)

	2009	2008
	$	$
OPERATING ACTIVITIES		
Loss for year	**(476,137)**	(41,388)
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash		
Amortization	**12,718**	—
Shares issued for consulting services	**21,000**	—
Write-down of mineral properties	**94,929**	—
Future income taxes recovered	**(122,028)**	—
	(469,518)	(41,388)
Net change in non-cash working capital balances related to operations	**(44,075)**	(43,792)
Cash used in operating activities	**(513,593)**	(85,180)
INVESTMENT ACTIVITIES		
Mineral exploration and development expenditures, net	**(1,914,951)**	(880,454)
Proceeds from the sale of investments, net	**653,913**	—
Purchase of equipment	**(15,506)**	(31,696)
Purchase of marketable securities	—	(1,007,361)
Net change in non-cash working capital balances related to investment activities	**45,268**	333,315
Cash used in investment activities	**(1,231,276)**	(1,586,196)
FINANCING ACTIVITIES		
Shares issued in private placements	**1,673,514**	1,715,976
Share subscriptions received in advance	—	65,100
Share issue costs	—	(25,011)
Net change in non-cash working capital balances related to financing activities	**(11,188)**	11,188
Cash provided by financing activities	**1,662,326**	1,767,253
Increase (decrease) in cash and cash equivalents during year	**(82,543)**	95,877
Cash and cash equivalents, beginning of year	**95,877**	—
Cash and cash equivalents, end of year	**13,334**	95,877

See accompanying notes to the financial statements.

1. NATURE OF BUSINESS, BASIS OF PRESENTATION AND GOING CONCERN

Rockex Limited (the "Corporation" or "Rockex") was incorporated under the laws of the Province of Ontario on June 4, 2007.

The Corporation is in the development stage and its principal business activity is the acquisition, exploration and development of mineral properties that it believes contain mineralization that will be economically recoverable in the future.

The accompanying financial statements have been prepared on the basis of Canadian generally accepted accounting principles applicable to a going concern. The appropriateness of using the going concern basis is dependent upon, among other things, future profitable operations, the ability to realize assets and discharge liabilities in the normal course of business in the foreseeable future and the ability of the Corporation to raise additional capital. Specifically, the recovery of the Corporation's investment in mineral properties and related deferred expenditures is dependent upon the discovery of economically recoverable reserves and the ability of the Corporation to obtain necessary financing to develop the properties and establish future profitable production from properties, or from the proceeds of their disposition.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Use of estimates and measurement uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates. Significant estimates used in the preparation of the financial statements include future income taxes.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments which have a term to maturity of three months or less from the acquisition date.

Investments

Marketable securities are valued at fair value.

Equipment

Equipment is recorded at cost less accumulated amortization. Normal maintenance and repair expenditures are expensed in the year incurred.

Amortization is provided on the declining balance basis at the rate below. It is expected these procedures will charge earnings with the cost of the equipment over their estimated useful lives. Any gain or loss on disposal of individual assets is recognized in earnings in the year of disposal.

Equipment	20%

As necessary, these assets have been tested for impairment.

Revenue recognition

Interest income is recognized on the accrual basis.

Income taxes

Income taxes are calculated using the asset and liability method of tax accounting. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. A valuation allowance is recognized to the extent that the recoverability of future income tax assets is not considered "more likely than not".

Mineral properties

The cost of mineral properties includes all direct exploration and development costs including administrative expenses and certain deferred costs that can be directly related to specific projects. Exploration and associated costs relating to non-specific projects/ properties are expensed in the period incurred. Significant property acquisition, exploration and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned or placed into production. Costs related to properties abandoned are written-off when it is determined that the property has no continuing value.

All of the Corporation's properties are in the exploration and development stage and have not yet attained commercial production. The ultimate realization of the carrying value of properties in the exploration and development stage is dependent upon the successful development or sale of these properties.

Financial instruments

Financial assets are classified as held-to-maturity, loans and receivables, held-for-trading or available for sale. The held-to-maturity classification is restricted to fixed maturity instruments that the Corporation intends and is able to hold to maturity. Assets classified as held-to-maturity or loans and receivables are accounted for at amortized cost. Held-for-trading assets are recorded at fair value with realized and unrealized gains and losses reported in net income. The remaining financial assets are classified as available-for-sale and will be recorded at fair value with unrealized gains and losses reported in a new category of the balance sheet under shareholders' equity called other comprehensive income.

Financial liabilities are classified as either held-for-trading or other liabilities. Held-for-trading liabilities are recorded at fair value with realized and unrealized gains and losses reported in net income, and the remaining financial liabilities are classified as other liabilities and accounted for at amortized cost.

The Corporation's financial instruments consist of cash and cash equivalents, investments, accounts receivable, and accounts payable and accrued liabilities. The Corporation estimates that the fair value of these financial instruments approximates their carrying values due to the short-term maturity of these financial instruments. The Corporation has not adopted several new accounting standards issued by the Canadian Institute of Chartered Accountants as private companies have been provided exemption options. Such standards include Section 3855, "Financial Instruments - Recognition and Measurement"; Section 3862, "Financial Instruments - Disclosures"; Section 3863, "Financial Instruments - Presentation"; and Section 3865, "Hedges".

3. ACCOUNTING CHANGES

During the year, the Corporation adopted CICA Handbook Section 1535, "Capital Disclosures". The new Section requires the disclosure of whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. There was no impact on the financial position or results of operations as a result of the adoption.

[Expressed in Canadian Dollars]

4. EQUIPMENT

Details of year-end equipment balances are as follows:

	2009		2008	
	Cost	**Accumulated amortization**	Cost	Accumulated amortization
	$	$	$	$
Equipment	**47,202**	**12,718**	31,696	—
Equipment, net		**34,484**		31,696

Amortization for the year is $12,718 [2008 - $nil].

5. MINERAL PROPERTIES

As at March 31, 2009, accumulated costs with respect to the Corporation's interest in mineral properties owned, leased or under option, consisted of the following:

	2009			2008
	Deferred exploration expenditures	**Acquisition cost and option payments**	**Total**	Total
	$	$	$	$
McVicar Property	—	—	—	16,000
Lake St. Joseph Iron Ore Project	**2,665,976**	**10,096,000**	**12,761,976**	864,455
	2,665,976	**10,096,000**	**12,761,976**	880,455

Lake St. Joseph Iron Ore Project

The Lake St. Joseph Iron Ore Project consists of 17 contiguous mining claims (4,336 ha) in the Patricia Mining Division of Ontario and are centered on the Eagle, Wolf and Fish Islands in Lake St. Joseph. On May 30, 2008, the Corporation entered into a purchase agreement with a director (the "Vendor") to acquire a 100% right, title and interest in and to certain mineral properties in Lake St. Joseph. For this acquisition, the Corporation must pay $90,000, representing the approximate amount of staking and related costs incurred by the Vendor, issue 20,000,000 common shares at a price of $0.50 per share, and reserve certain royalties, including the obligation for payment of advance royalties. A 2.0% Net Smelter Return Royalty (the "NSR") is payable to the Vendor. A 2.0% gross sale royalty (the "Royalty") is payable to the Vendor on the gross sales proceeds of any and all minerals mined and processed from the Property for their iron content.

[Expressed in Canadian Dollars]

Root Bay

On September 10, 2008, the Corporation entered into an Option Agreement (the "Agreement" with Robert Ross (the "Optionor") to acquire a 100% interest in all of the Optionor's interest in and to the mineral property in proximity to Lake St. Joseph. In consideration for the 100% interest, the Corporation must pay $80,000 in cash payments and incur exploration expenditures aggregating to $700,000 on the property over a 4-year term, as well as stake two additional mining claims. The Optionor will retain a 2.0% Net Smelter Return Royalty ("NSR"). The Corporation has the right to acquire one-half of the NSR at any time up to six years for $1,000,000. The Optionor shall be entitled to receive from the Corporation, a 2.0% gross revenues royalty (the "GRR") subject to the Corporation's purchase of the NSR, and the right to purchase one-half of the remaining GRR at any time up to ten years for $2,000,000.

Mineral Properties written-down

As at March 31, 2009, the Corporation decided to relinquish its interest in the McVicar Property. As such, the carrying value of $94,929 related to the Corporation's exploration expenditures incurred on the property as at March 31, 2009 has been charged against earnings in the current period.

6. COMMON SHARES

The Corporation is authorized to issue an unlimited number of voting common shares.

	Number #	Value $
Shares issued upon incorporation, June 4, 2007	100	100
Shares issued in private placements	13,690,736	1,715,876
Tax effect of flow-through share renunciation	—	(130,210)
Share issue costs	—	(25,011)
Balance, March 31, 2008	13,690,836	1,560,755
Shares issued for mineral properties	20,500,000	10,030,000
Shares issued for consulting services	150,000	52,500
Shares issued in private placement	1,985,832	1,738,614
Tax effect of flow-through renunciation	—	(457,769)
Balance, March 31, 2009	36,326,668	12,924,100

2008

Private Placement #1
On June 14, 2007, the Corporation issued an aggregate of 100 common shares at a price of $1.00 per common share for proceeds of $100.

Private Placement #2
On June 5, 2007, the Corporation issued an aggregate of 999,900 common shares at a price of $0.00 per common share for proceeds of $1.

Private Placement #3
The Corporation issued an aggregate of 4,000,000 common shares at a price of $0.06 per common share for proceeds of $240,000.

Private Placement #4
The Corporation issued an aggregate of 3,445,000 flow-through common shares at a price of $0.20 per flow-through share and 4,811,835 common shares at a price of $0.15 per common share for total aggregate proceeds of $1,475,875.

2009

Shares issued for subscriptions received in advance
The Corporation issued 434,001 common shares at a value of $0.15 per common share for subscription proceeds of $65,100 received in March, 2008 as part of the December, 2007 private placement.

Shares issued for Mineral Property #1
The Corporation issued 500,000 common shares valued at $0.06 per common share to a director and a non-related party pursuant to the Option Agreement to acquire 100% interest in the McVicar property.

Shares issued for Mineral Property #2
The Corporation issued 20,000,000 common shares valued at $0.50 per common share to a director pursuant to the acquisition of 100% of property located in the Lake St. Joseph area.

Private Placement #1
The Corporation issued an aggregate of 335,000 common shares at a price of $1.00 per common share and 1,216,831 flow-through common shares at a price of $1.10 per flow-through share for total aggregate proceeds of $1,673,514.

[Expressed in Canadian Dollars]

7. INCOME TAXES

Income taxes attributable to loss before income taxes differs from the amount computed by applying the combined federal and provincial tax rate of 33.00% [2008 - 33.50%] to pre-tax loss as a result of the following:

	2009 **$**	2008 $
Loss before income taxes	**(597,499)**	(41,388)
Expected income tax recovery from applying tax rate	**(197,174)**	(13,965)
Increase from:		
Non-deductible and non-taxable items	**75,812**	13,965
Income tax recovery	**(121,362)**	—

	2009 **$**	2008 $
Non-capital losses	**89,470**	—
Common share issue costs	**4,610**	—
Exploration and development expenditures	**(565,051)**	(130,210)
Other items	**5,020**	—
Net future tax liability	**(465,951)**	(130,210)

The Corporation has unclaimed common share issue costs of $16,000 and non-capital losses of $308,000 available to reduce future taxable income which expire by 2029.

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 income tax legislation. The renunciation of such expenditures is accounted for as a financing cost related to the flow-through issuance and results in a reduction in share capital with a corresponding increase in the Corporation's future tax liability.

The Corporation is permitted under Canadian income tax legislation to renounce flow-through related resource expenditures to investors in advance of the Corporation incurring the expenditure. In accordance with this legislation, the Corporation has twelve months following the effective date of renunciation to incur the expenditures. The Corporation begins incurring interest charges for unspent funds after two months and fees for unspent funds at the end of the year following the effective date of renunciation, and until such time as funds are fully expended.

In 2009, the Corporation renounced $1,578,514 of its flow-through related resource expenditures to investors.

8. RELATED PARTIES

[a] During the year, the Corporation was charged $26,875 [2008 - $13,438] for office rent and $nil [2008 - $8,764] for property and equipment expenditures by 988491 Ontario Limited, related to the Corporation through common directorship.

[b] During the year, the Corporation was charged $1,270,449 [2008 - $659,758] for mineral property expenditures and $6,287 [2008 - $22,933] for property and equipment expenditures by Pierre Gagné Contracting Ltd., related to the Corporation through common directorship. As of March 31, 2009, the Corporation had a liability of $318,650 [2008 - $247,296] owed to Pierre Gagné Contracting Ltd. which is included in accounts payable and accrued liabilities.

During the year, the Corporation was charged $27,500 [2008 - $nil] for mineral property expenditures by a director. As of March 31, 2009, the Corporation had a liability of $27,500 [2008 - $nil] owed to a director, which is included in accounts payable and accrued liabilities.

9. SUBSEQUENT EVENTS

[a] On December 15, 2009, the Corporation issued, through private placement, 959,893 common shares at a price of $0.50 per common share and 959,893 flow-through shares at a price of $0.55 per flow-through share for aggregate gross proceeds of $1,007,888.

[b] On December 22, 2009, the Corporation issued, through private placement, 110,000 common shares at a price of $0.50 per common share for proceeds of $55,000.

[c] In April, 2010, a director transferred the rights to two mining claims in the Patricia Mining Divisions and is centered on the Eagle, Wolf and Fish Islands in Lake St. Joseph (known as the Lake St. Joseph Iron Ore Project) to Rockex Limited for $nil consideration. This transfer is an extension of the May 30, 2008 purchase agreement and a 2.0% Net Smelters Return Royalty on these claims is payable to the Vendor.

[d] In April, 2010, a director transferred the rights to four mining claims in the Patricia Mining Divisions of Ontario and is in the Doran Lake area for $nil consideration.

[e] In April, 2010, the Corporation settled amounts owing to a director and consultants through the issue of common shares amounting to $190,000.