

ROCMEC MINING INC.

Price (October 1, 2009)	\$0.09
52-Week High-Low	\$0.12-\$0.03
Shares O/S	220.75 million
Market Cap	\$19.87 million
Enterprise Value	\$26.27 million
50-day Average Volume	482,900
200-day Average Volume	275,100
Fiscal Year-End	September 30
Symbol (Toronto: TSX-V)/(Frankfurt)	RMI/D50
Website	www.rocmeccmines.com

Financial Data

Selected Balance Sheet	At Jun 30/09	At Sep 30/08
Cash (& Equivalents)	\$0	\$0
Mineral Properties	\$17,577,841	\$17,105,514
Total Debt	\$7,009,495	\$6,069,700
Shareholders' Equity	\$12,772,884	\$11,091,303
Total Assets	\$23,345,398	\$20,040,684
Working Capital	(\$5,101,474)	(\$3,255,371)
Working Capital Ratio	0.17x	0.32x
Selected Income/Cash Flow	12 Mo. (Jun/09)	Year (Sep/08)
Revenues	\$294,164	\$0
Operating Income	(\$6,445,990)	(\$5,444,797)
Net Loss	(\$6,268,520)	(\$4,090,489)
Cash Flow (CF) From Operations	(\$2,320,024)	(\$1,666,712)
Key Ratios		
Monthly Operating Costs ("Burn")	(\$109,384)	(\$110,342)
Monthly Expl. and Dev. Expenses	(\$1,245,365)	(\$873,727)
Monthly Capex	(\$58,763)	(\$142,766)
Per Share Statistics		
Earnings (Loss) Per Share	(\$0.03)	(\$0.03)
Cash Per Share	\$0.00	\$0.00
Mineral Property Book Value PS	\$0.09	\$0.12
Shareholders' Equity Per Share	\$0.07	\$0.08
Multiples		
Price/Shareholders' Equity	1.06x	0.75x

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Source: www.bigcharts.com

THE COMPANY

Rocmec Mining Inc., ("Rocmec" or the "Company") is a Canadian junior gold producer actively involved in the acquisition, advanced exploration, development, and mining of narrow-vein ore bodies, primarily using its exclusive thermal fragmentation process, which it also contracts out to third parties for licensing and servicing. Rocmec is active in Quebec and Peru.

INVESTMENT CONSIDERATIONS

Strengths

- Steady stream of revenue and cash flow from thermal fragmentation contracting services with large mining firms;
- Recent private placements, plus operating cash flow, ensure sufficient funds for the next six months; Joint Venture Option agreement (Sept 30/09) provides additional \$6 million cash;
- Thermal fragmentation technology: (a) generates less environmental impact and lower capital costs; (b) is easy to learn and use, making labour easier to find and retain; and (c) could make many previously uneconomic ore bodies viable.
- More than 20 companies are discussing using the technology.

Challenges

- Continued difficult financing environment for junior mining exploration companies;
- Thermal fragmentation technology still has limited acceptance within the mining industry;
- Properties in early stage of exploration; no NI 43-101 technical reports available;
- Exploration success is never guaranteed regardless of potential, and only a few exploration properties make it to production; and
- Commodity prices are volatile.

PROPRIETARY TECHNOLOGY

Rocmec's proprietary thermal fragmentation technology selectively extracts ore and the high grade sections can be extracted in priority resulting in less environmental impact and lower capital costs since mine development is performed directly into ore and, therefore, results in less waste-rock being extracted and displaced into large piles at the surface. Four times less rock needs to be mined for the equivalent mineral content and, therefore, fewer tonnes need to be processed at the mill. There is enhanced operational safety, a reduced quantity of chemical agents, less energy used, smaller tailing areas, and minimal alterations to the landscape, all of which result in a cleaner, more responsible approach to mining.

PROPERTY HIGHLIGHTS

Rocmec currently owns a 100% interest in four properties located in the Abitibi-Témiscamingue region of the Province of Quebec, Canada. It also recently acquired a 40% interest in the Puma concessions near Arequipa, Peru.

Quebec Properties (100% interest)

1. Russian Kid Gold Mine; 11 claims; 84 ha; gold-bearing quartz vein system
2. Montauban; 83 claims; 2,500 ha; Zn-Pb-Au-Ag sulphide deposit, and Au-Ag deposit
3. Courville-Maruska; 20 claims; 800 ha; gold-bearing quartz vein system
4. Vauquelin; 2 claims; 32 ha; gold-bearing quartz vein system

A diamond drill program is proceeding at the Russian Kid Gold Mine (Rocmec 1) to prepare for a pre-feasibility study that will include a new mineral resource calculation. NI 43-101 compliant technical report dated March 19, 2007 identified mineral resources of 86,550 oz Au Measured and Indicated and an additional 456,000 oz in the Inferred category.

Peru Concessions

1. Puma concessions; 1,700 ha (40% interest)
2. Ofir concessions; 1,100 ha (100% financed through gold sales)

CORPORATE STRATEGY

To become a mid-tier gold producer through exploitation of narrow high-grade precious metal quartz veins with its patented thermal fragmentation process. Organizational growth will also come from contract and partnership arrangements that license and service its thermal fragmentation technology.

RECENT ANNOUNCEMENTS

September 30, 2009: Rocmec has entered into a Joint Venture Option Agreement for the Russia Kid Gold Mine (Rocmec 1). For \$6 million in cash, structured as a participating loan, the investors have the right to convert the loan to a 49% equity ownership in the property for up to 180 days after Rocmec completes a pre-feasibility study on the property.

September 29, 2009: Rocmec announced that it has entered into a letter of intent to acquire all the issued and outstanding shares of Rocmec International Inc. ("RI") through issuance of 85,000,000 common shares of its share capital in considerations for all the outstanding shares of RI. The deemed value of the transaction is \$6,052,000. RI owns patents on the thermal fragmentation mining method for vein deposits licensed to Rocmec since 2004.

August 18, 2009: Rocmec provided an update on its thermal mining contract with Fresnillo plc for the Ciénega mine in Mexico. This is Rocmec's second operating contract since July 2009.

August 11, 2009: The Company provided an update on its thermal fragmentation contract with Great Basin Gold in Nevada. This contract, a first for Rocmec, is important as it will generate recurrent revenues for the Company. Revenue received is based on a combination of shared savings obtained with the thermal fragmentations process versus previous methods and a fixed price per linear foot mined.

MANAGEMENT AND DIRECTORS

Donald Brisebois – President & CEO. Mr Brisebois has over 30 years of experience in the mining industry, 17 of which have been in senior management in public and private companies. Until recently, Mr. Brisebois was General Manager (2001-2004) of Rocmec International Inc. and is credited with having developed and invented the "Thermal Fragmentation Process" for narrow vein precious metal extraction. Mr. Brisebois graduated as a mining technologist from the Abitibi-Témiscamingue Rouyn-Noranda college.

Daniel Gilbert – Vice-President & CFO. Mr. Gilbert has more than 20 years of senior management experience. Since 1995, he has been actively involved in the financial management, investment planning and financing of the Thermal Fragmentation Technology.

Émile P. Molgat – Director

Jean-Philippe Harvey – Director

ABRIDGED STATEMENTS

	Year: Sep 30 <u>2008</u>	12 Months <u>To Jun 30/09</u>
Statement of Income (Loss)	-	
Operating Income	-	
Non-Operating Income		294,164
Direct Costs		(447,973)
General & Administrative Expenses	(1,196,964)	(1,188,343)
Amortization	(7,663)	(21,679)
Stock-based Compensation	(148,043)	(95,759)
Write off of mining properties	(1,260,593)	(1,280,673)
Write off of deferred/dev. charges	(1,950,695)	(1,950,695)
Other Non-Cash Items	(112,313)	(244,302)
Other Income/(Expenses)	<u>(768,526)</u>	<u>(1,006,042)</u>
	(5,444,797)	(5,941,301)
Future Income Taxes	<u>1,354,308</u>	<u>256,516</u>
Net Income/(Loss)	(4,090,489)	(5,684,785)
Total Shares Outstanding	138,963,295	193,698,499
Weighted Average Shares O/S	123,283,929	135,696,955
Earnings (Loss) Per Share	(0.03)	(0.03)
Statement of Cash Flow:		
Net Income (loss)	(4,090,489)	(5,684,785)
Add Non-Cash Items	<u>2,124,999</u>	<u>3,306,922</u>
Cash Flow from Operations	(1,965,490)	(2,377,863)
Capital Expenditures (Properties)	(7,863,539)	(4,518,792)
Other Investing Items	<u>2,172,267</u>	301,509
Free Cash Flow	(7,656,762)	(6,595,146)
Working Capital Changes	298,778	57,839
Equity Financing	6,701,173	4,656,884
Debt Financing	<u>656,811</u>	<u>1,880,423</u>
Change in Cash	-	-
Cash, Beginning of the Period	-	-
Cash, End of the Period	-	-
	At Sep 30/08	At June 30/09
Balance Sheet	<u>2008</u>	<u>2009</u>
Cash	-	-
Other Current Assets	1,561,598	1,009,842
Mineral Properties	17,105,514	20,961,984
Other Assets	<u>1,373,572</u>	<u>1,373,572</u>
Total Assets	20,040,684	23,345,398
Current Liabilities	4,816,969	6,111,316
Other Liabilities	1,592,975	2,002,731
Long Term Debt Obligations	<u>2,539,437</u>	<u>2,458,467</u>
Total Liabilities	8,949,381	10,572,514
Shareholders' Equity	<u>11,091,303</u>	<u>12,772,884</u>
Total Liabilities & Equity	20,040,684	23,345,398
Book Value (S.E.) Per Share	\$0.08	\$0.07

FINANCIAL REVIEW

Rocmec records operating income from the licensing and contract service fees for the use of its patented thermal fragmentation technology.

General & Administrative Expense includes both discretionary and such non-discretionary operating expenses, referred to as "burn", as rent, salaries, and professional fees, etc. In fiscal 2008, Rocmec's income sources were insufficient to cover its G&A Expense such that the Company's debt and equity financings were partially used to support it.

In fiscal 2008, the Company's capex was \$4.4 million and its investing activities were a further \$1.3 million. These sums were financed with net debt issuance of \$657,000 and net equity issuance of \$6.7 million. As a result, Mineral Properties increased from \$14.4 million to \$17.1 million.

For fiscal 2009, capex is likely to be around \$9.0 million.

As shown, both the current book value per share and the Enterprise Value are \$0.12, which is higher than the current share price.

CORPORATE INFORMATION

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Analyst Certification

The Research Analyst who was involved in the preparation of this Research Report hereby certifies that:

- (1) the views and opinions expressed herein accurately reflect the Research Analyst's personal views concerning any and all securities and issuers that are either discussed or are the subject matter of this Research Report; and
- (2) the compensation received for the preparation of this report was not related, in any way, to the Research Analyst's views and opinions expressed herein.

eResearch analysts on this report:

Kirsten Marion, B.A., B.Comm., CMA: Kirsten Marion has spent 16 years working in various capacities for both public and private enterprise, including being chief financial officer and director of financial services for a multi-site acute care facility, and a contract consultant in assorted accounting roles for various entities. She received her CMA designation in 1986.

Bob Weir, B. Comm, B.Sc., CFA. Bob Weir has 43 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company. He joined eResearch in 2004 and has been its President, CEO, and Managing Director, Research Services since May 2005.

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