

**ROCA MINES INC.**

*(A Development Stage Company)*

**FINANCIAL STATEMENTS**

**For the Three Months Ended**

**NOVEMBER 30, 2004**

**(Expressed in Canadian Dollars)**

Prepared by Management Without Audit

## **UNADITED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended November 30, 2004.

**Roca Mines Inc.**  
(A Development Stage Company)  
**Balance Sheet**  
Canadian Funds

Statement 1

	As at November 30, 2004 (Unaudited)	As at August 31, 2004
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 572,355	\$ 736,148
Receivables	48,597	71,694
Prepaid expenses	81,803	79,014
	<u>702,755</u>	<u>886,856</u>
<b>Resource Property Costs - Schedule (Note 4)</b>	<b>3,493,249</b>	2,823,974
<b>Reclamation Bonds</b>	<b>35,900</b>	35,900
<b>Property, Plant and Equipment (Note 5)</b>	<b>30,293</b>	30,022
	<u>3,559,442</u>	<u>2,889,896</u>
	<b>\$ 4,262,197</b>	<b>\$ 3,776,752</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 448,051	\$ 367,129
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 6a)</b>	<b>5,011,489</b>	4,513,000
<b>Deficit - Statement 2</b>	<b>(1,197,343)</b>	(1,103,377)
	<u>3,814,146</u>	<u>3,409,623</u>
	<b>\$ 4,262,197</b>	<b>\$ 3,776,752</b>

ON BEHALF OF THE BOARD:

"Scott E. Broughton", Scott E. Broughton, Director

"John M. Mirko", John M. Mirko, Director

- See Accompanying Notes -

**Statement of Loss and Deficit**  
**For the Three Months Ended November 30**  
Canadian Funds  
Unaudited

	2004	2003
<b>Expenses</b>		
Stock option based compensation	\$ 36,200	\$ -
Consulting fees – Related parties	23,300	29,200
Advertising, promotion and shareholder relations	7,946	16,551
Office and sundry	7,860	4,141
Consulting Fees	7,200	12,000
Travel and Insurance	5,849	20,853
Amortization	2,339	506
Listing and filing fees	1,728	6,484
Rent	1,500	1,500
Accounting, audit and legal fees	1,335	13,489
<b>Loss Before the Undernoted</b>	<b>95,257</b>	<b>104,724</b>
Interest income	(1,291)	(798)
<b>Loss for the Period</b>	<b>93,966</b>	<b>103,926</b>
Deficit - Beginning of Period	1,103,377	301,398
<b>Deficit - End of Period</b>	<b>\$ 1,197,343</b>	<b>\$ 405,324</b>
<b>Loss per Share - Basic and Diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>

- See Accompanying Notes -

## Statement of Cash Flows

For the Three Months Ended November 30

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	2004	2003
<b>Operating Activities</b>		
Loss for the Period	\$ (93,966)	\$ (103,926)
Items not affected by cash:		
Stock-based compensation	36,200	-
Amortization	2,339	506
	<u>(55,427)</u>	<u>(103,420)</u>
Changes in non-cash working capital:		
Receivables	23,097	19,094
Prepaid expenses	(2,789)	3,887
Accounts payable and accrued liabilities	80,922	(95,493)
	<u>45,803</u>	<u>(175,932)</u>
<b>Investing Activities</b>		
Purchase of capital assets	(2,610)	-
Resource property costs	(669,275)	(251,894)
	<u>(671,885)</u>	<u>(251,894)</u>
<b>Financing Activities</b>		
Share issue proceeds	500,000	511,050
Share issuance costs	(37,711)	(56,617)
	<u>462,289</u>	<u>454,433</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(163,793)</b>	<b>26,607</b>
Cash and cash equivalents - Beginning of Period	736,148	484,373
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 572,355</b>	<b>\$ 510,980</b>
<b>Supplemental Schedule of non-cash Transactions</b>		
Stock option based compensation	\$ 36,200	\$ -

- See Accompanying Notes -

## Schedule of Resource Property Costs

For the Three Months Ended November 30

Canadian Funds

Unaudited

	2004	2003
<b>FOREMORE VMS-Gold Project, B.C., Canada</b>		
<b>Acquisition Costs</b>		
Additional staking and land costs	\$ 6,472	\$ 1,190
<b>Deferred Exploration Costs</b>		
Geological and project management	64,941	48,987
Drilling costs	196,481	-
Materials and equipment	9,872	30,854
Geophysical	58,235	-
Field transportation, mobilization	154,359	77,985
Travel and accommodation	4,511	8,998
Communication	2,658	2,598
Prospecting, labour, camp costs and meals	37,046	53,092
Maps and reports	12,086	6,847
Assaying	50,054	21,343
	596,716	251,894
<b>MAX Molybdenum Project, B.C., Canada</b>		
<b>Acquisition Costs</b>		
Additional staking and land costs	1,623	-
<b>Deferred Exploration Costs</b>		
Geological and project management	6,280	-
Environmental studies and consulting	7,464	-
Materials and equipment	21,967	-
Travel & accommodation	4,027	-
Communication	2,059	-
Maps and reports	2,868	-
	46,288	-
<b>SEAGOLD Project, B.C., Canada</b>		
<b>Acquisition Costs</b>		
Option payment - cash	25,000	-
<b>Deferred Exploration Costs</b>		
Geological	350	-
Assays	921	-
	26,271	-
<b>Total Resource Property Costs for the Period</b>	<b>669,275</b>	<b>251,894</b>
Balance - Beginning of period	2,823,974	1,249,351
<b>Balance - End of Period</b>	<b>\$ 3,493,249</b>	<b>\$ 1,501,245</b>

**Roca Mines Inc.**  
(A Development Stage Company)

## Notes to Financial Statements

November 30, 2004

Canadian Funds

Unaudited

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### 1. Nature of Operations

The Company was incorporated on June 19, 2001 as 629645 BC Ltd. and changed its name to Roca Mines Inc. on April 29, 2002. The Company was inactive until it commenced operations in the 2002 fiscal year.

The Company is a development stage company that engages principally in the acquisition, exploration and development of resource properties. The recovery of the Company's investment in its resource properties is dependent upon the discovery, development and sale of ore reserves and the ability to raise sufficient capital to finance these operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

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### 2. Significant Accounting Policies

These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements as at August 31, 2004.

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### 3. Fair Value of Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, prepaid expenses, reclamation bonds and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

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### 4. Resource Property Costs

Details are as follows:

	Acquisition	Deferred Exploration	Total As at November 30 2004	Total As at November 30 2003
FOREMORE VMS-Gold Project	\$ 171,667	\$ 2,777,298	\$ 2,948,965	\$ 1,316,770
MAX Molybdenum Project	192,204	272,601	464,805	-
SEAGOLD Project	57,500	21,979	79,479	-
	<u>\$ 421,371</u>	<u>\$ 3,071,878</u>	<u>\$ 3,493,249</u>	<u>1,501,245</u>

## Notes to Financial Statements

November 30, 2004

Canadian Funds

Unaudited

### 4. Resource Property Costs - Continued

#### a) FOREMORE VMS - Gold Project, Liard Mining Division, B.C., Canada

By agreement dated March 29, 2002, the Company was granted an option to acquire a 100% interest in certain properties, known as the Foremore mineral claims located in the Liard Mining Division, B.C. In order to earn the interest the Company, at its option, must complete the following:

	Cash Payments	Share Issuances
Upon signing of the agreement (paid)	\$ 10,000	-
Upon approval of the option agreement by the TSX-V Exchange on or before March 1, 2003 (issued)	-	100,000
On or before May 1, 2003 (paid and issued)	15,000	100,000
On or before May 1, 2004 (paid and issued)	25,000	100,000
On or before May 1, 2005	50,000	100,000
Upon commencement of commercial production	-	200,000
	\$ 100,000	600,000

The Foremore Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time prior to commencement of commercial production, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). The Company will be required to make annual advance royalty payments of \$50,000 starting from the earlier of the one-year anniversary of the date when the option is fully exercised or May 1, 2006. This advance royalty ceases in the year in which commercial production commences. All advance royalty payments paid to commercial production are a reduction of future royalty payments.

#### b) MAX Molybdenum Project, Revelstoke Mining Division, B.C., Canada

By agreement dated January 16, 2004, the Company was granted an option to acquire a 100% interest in certain properties, known as the Max Project located in the Revelstoke Mining Division, B.C. In order to earn its interest the Company, at its option, must complete the following:

	Cash Payments	Share Issuances
Upon signing of the agreement (paid)	\$ 50,000	-
Upon TSX approval and before February 29, 2004 (issued)	-	100,000
On or before January 1, 2005 (paid subsequently)	50,000	-
On or before January 16, 2005 (issued subsequently)	-	100,000
On or before January 1, 2006	50,000	-
On or before January 16, 2006	-	100,000
On or before January 1, 2007	50,000	-
On or before January 16, 2007	-	100,000
Upon commencement of commercial production	-	200,000
	\$ 200,000	600,000

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****November 30, 2004***Canadian Funds***Unaudited****4. Resource Property Costs - Continued****b) MAX Molybdenum Project, Revelstoke Mining Division, B.C., Canada - Continued**

The MAX Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time prior to commencement of commercial production, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). Advance royalty payments of \$50,000 will be payable by the Company starting from the earlier of the one-year anniversary of the date the property option is fully exercised and January 16, 2008, ceasing in the year in which commercial production commences.

On August 6, 2004, the Company acquired a 100% interest in certain crown grants, mining leases and mineral claims contiguous to the MAX Project mineral claims. Under the terms of this acquisition agreement, the Company agreed to pay \$100,000 (paid) for the contiguous property and original data detailing all previous exploration. This \$100,000 has been included in acquisition costs for the year ended August 31, 2004. The Company has granted a 2.5% NSR, reducible to 1% upon payment of \$2,000,000, and has agreed to issue 200,000 shares if it commences commercial production from any part of the newly acquired contiguous property.

**c) SEAGOLD Project, Liard Mining Division, B.C., Canada**

By agreement dated December 1, 2003, the Company was granted an option to acquire a 100% interest in certain properties, known as the SeaGold Project in the Liard Mining Division, B.C. In order to earn its interest the Company, at its option, must complete the following:

	Cash Payments	Share Issuances
Upon signing of the agreement (paid)	\$ 25,000	-
On or before May 1, 2004 (issued)	-	25,000
On or before December 1, 2004 (paid)	25,000	-
On or before May 1, 2005	-	50,000
On or before December 1, 2005	25,000	-
On or before May 1, 2006	-	50,000
On or before December 1, 2006	25,000	75,000
Upon commencement of commercial production	-	200,000
	<u>\$ 100,000</u>	<u>400,000</u>

The SeaGold Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time prior to commencement of commercial production, up to 60% of the NSR by paying \$1,000,000 for each 30% (\$2,000,000 for the full 60% of the 2.5% NSR). Advance royalty payments of \$30,000 will be payable by the Company starting from the earlier of the one-year anniversary of the date the property option is fully exercised and December 1, 2007, ceasing in the year in which commercial production commences.

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****November 30, 2004***Canadian Funds***Unaudited****5. Property, Plant and Equipment**

Details are as follows:

	Cost		Accumulated Amortization		November 30, 2004 Net Book Value		November 30, 2003 Net Book Value	
Office equipment	\$	12,262	\$	5,369	\$	6,893	\$	6,244
Crew and Equipment Van		29,761		6,361		23,400		-
	\$	39,413	\$	11,730	\$	30,293	\$	6,244

**6. Share Capital**

a) Details are as follows:

Authorized:

100,000,000 common shares without par value

	Number of Shares	Amount
<b>Balance - August 31, 2003</b>	12,962,001	\$ 1,955,842
Issued for cash:		
Private placement	3,400,000	510,000
Exercise of agent's warrants	3,000	1,050
Short form offering	10,000,000	2,000,000
Issued to agent as corporate finance fee	100,000	-
Issued for MAX Project	100,000	22,000
Issued for Foremore Project	100,000	30,000
Issued for SeaGold Project	25,000	7,500
Stock-based compensation	-	268,500
Share issuance costs	-	(281,892)
<b>Balance - August 31, 2004</b>	26,690,001	\$ 4,513,000
Issued for cash:		
Private placement	2,000,000	500,000
Issued to agent as commission and fees	110,000	-
Stock-based compensation	-	36,200
Share issuance costs	-	(37,711)
<b>Balance - November 30, 2004</b>	28,800,001	\$ 5,011,489

b) During the first quarter ended November 30, 2004, the Company completed a private placement for gross proceeds of \$500,000. Two million units ("Units") were issued for \$0.25, each Unit consisting of one flow-through common share and a half of one share purchase warrant. Each warrant entitles the holder to purchase one non-flow-through common share until November 26, 2005. The agent, with respect to \$400,000 of the total gross proceeds, received a commission of \$20,000 cash, 80,000 units and Agent's warrants to purchase up to 200,000 common shares until November 26, 2005 at a price of \$0.25 per share. The Company also paid the agent an administrative fee of \$5,000 and a corporate finance fee of 30,000 units, each consisting of one common share and one warrant exercisable at \$0.25 per share for one year following closing. Directors and officers of the Company subscribed for a total of 140,000 of the 2,000,000 Units.

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****November 30, 2004***Canadian Funds***Unaudited****6. Share Capital - Continued**

- c) As at November 30, 2004 the following share purchase warrants are outstanding:

	Number	Exercise Price/Share	Expiry Date
Warrants	3,400,000	\$ 0.20	November 19, 2005
Warrants	5,000,000	\$ 0.25	June 23, 2005
Warrants	1,000,000	\$ 0.35	November 26, 2005
Agent Warrants	1,000,000	\$ 0.20	June 23, 2005
Agent Warrants	550,000	\$ 0.25	June 23, 2005
Agent Warrants	230,000	\$ 0.25	November 26, 2005
Agent Warrants	40,000	\$ 0.35	November 26, 2005

- d) At November 30, 2004, 1,845,000 shares are held in escrow, to be released over time.
- e) The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. The maximum number of shares issuable under the stock option plan shall not exceed 10% of the issued and outstanding common shares. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the board of directors and the exercise price of an option is not less than the closing price on the Exchange on the last trading day preceding the grant date. Options vest on the grant date unless determined otherwise by the board of directors.
- f) A summary of the Company's options at November 30, 2004 and the changes for the period are as follows:

Number Outstanding August 31 2004	Granted	Exercised	Cancelled	Expired	Number Outstanding November 30, 2004	Exercise Price Per Share	Expiry Date
908,000	-	-	-	-	908,000	\$0.20	December 17, 2007
150,000	-	-	-	-	150,000	\$0.20	January 7, 2008
180,000	-	-	-	-	180,000	\$0.20	June 30, 2008
397,000	-	-	-	-	397,000	\$0.20	December 11, 2007
930,000	-	-	-	-	930,000	\$0.25	August 24, 2009
-	200,000	-	-	-	200,000	\$0.25	November 26, 2009
2,565,000	200,000	-	-	-	2,765,000		

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****November 30, 2004***Canadian Funds***Unaudited****6. Share Capital - Continued**f) *Continued*

Effective September 1, 2003, the Company adopted the new recommendation of CICA Handbook Section 3870. This standard requires that stock-based awards made to employees and non-employees are to be measured and recognized using a fair value based method. For the newly granted options, compensation expense is based on the fair value of the options on the grant date. For the options that had alteration in their conditions, compensation expense is based on the fair value of the options on the alteration date less the fair value of the original options based on the shorter of the remaining expanded life of the old option or the expected life of the modified option. Compensation expense is based on the fair value (based on Black-Scholes option pricing model) of the options of the grant date.

During the period ended November 30, 2004, 200,000 incentive stock options were granted to a geological consultant of the Company having an exercise price of \$0.25 per share, expiring on November 26, 2009. The total fair value of the options granted was calculated to be \$36,200 on the grant date. The offsetting entry is to share capital.

The fair value of stock options used to calculate compensation expense is estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

Average risk-free interest rate	3.61%
Expected dividend yield	Nil
Expected stock price volatility	92.27%
Average expected option life in years	5 years

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

- g) Flow-through securities are securities issued by a company that incurs certain resource expenditures and renounces them for tax purposes thereby allowing the expenditures to flow-through to the subscriber who purchased the securities. Subscribers may in turn claim the expenditure as a deduction on their personal or corporate tax returns.

The total amount of funds raised through the sale of the Flow-through common shares must be spent on qualified mineral exploration. The proceeds from the Flow-through common shares are restricted in use for certain qualifying Canadian Exploration Expenditures ("CEE") under Canadian Tax Legislation.

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****November 30, 2004***Canadian Funds***Unaudited**

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**7. Related Party Transactions**

Except as noted elsewhere in these financial statements, related party transactions are as follows:

- a) During the three month period ended November 30, 2004, consulting fees of \$10,000 (2003 - \$16,600) were paid or accrued to the President and CEO. Services provided include general corporate, exploration and acquisition strategy, drafting and engineering work, contract negotiations, and investment presentations.
- b) During the three month period ended November 30, 2004, consulting fees of \$11,550 (2003 - \$12,600) were paid or accrued to the current CFO and Secretary. Services provided include corporate finance activities, contract negotiations, fund raising, accounting, office management and general administration.
- c) During the three month period ended November 30, 2004, per-diem contract fees of \$9,800 (2003 - \$16,700) were paid or accrued to a director or a company controlled by a director. Of this amount, \$8,050 is contained in deferred exploration costs for the period and \$1,750 is contained in related-party consulting.

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**8. Income Taxes**

The Company has incurred certain resource property related expenditures of approximately \$1,844,380 that may be carried forward indefinitely and are available to offset future taxable income.

The Company has non-capital losses for tax purposes of approximately \$634,000 that are available to offset future taxable income. These losses may be carried forward and expire in 2011 as follows:

	Amount
2009	\$ 1,000
2010	252,000
2011	381,000
	<hr/> \$ 634,000 <hr/>

The potential future tax benefits of these expenditures and tax losses have not been recognized in these financial statements.

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**9. Subsequent Events**

Subsequent to the period ended November 30, 2004, 180,000 previously granted stock options exercisable at \$0.20 per share were exercised for proceeds of \$36,000 and 391,000 previously granted Agent Warrants exercisable at \$0.20 per unit were exercised for proceeds of \$78,200 and 187,500 previously granted warrants exercisable at \$0.25 per share were exercised for proceeds of \$46,875. 100,000 common shares were also issued pursuant to the terms of the MAX Molybdenum Project option agreement.

In January 2005, the Company completed a private placement of 2,080,000 units (including an over-allotment option of 330,000 units) for gross proceeds of \$624,000. Each unit ("Unit") consists of one common share and one share purchase warrant ("Warrant"), each Warrant entitling the holder to purchase one common share for a one year period for \$0.35 during the first six months, and \$0.40 during the second six months following closing. The co-agents for the private placement received commissions of \$49,920 and 166,400 Warrants, and a corporate finance fee of 40,000 Units.