

**ROCA MINES INC.**

*(A Development Stage Company)*

**FINANCIAL STATEMENTS**

**For the Six Months Ended**

**FEBRUARY 28, 2005**

**(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 February 28, 2005.

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

Statement 1

	As at February 28, 2005 (Unaudited)	As at August 31, 2004
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 725,253	\$ 736,148
Receivables	38,360	71,694
Prepaid expenses	82,073	79,014
	<u>845,686</u>	<u>886,856</u>
<b>Resource Property Costs - Schedule (Note 4)</b>	<b>3,752,685</b>	2,823,974
<b>Reclamation Bonds</b>	<b>35,900</b>	35,900
<b>Property, Plant and Equipment (Note 5)</b>	<b>27,976</b>	30,022
	<u>3,816,561</u>	<u>2,889,896</u>
	<b>\$ 4,662,247</b>	<b>\$ 3,776,752</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 128,151	\$ 367,129
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 6a)</b>	<b>5,823,284</b>	4,513,000
<b>Deficit - Statement 2</b>	<b>(1,289,188)</b>	(1,103,377)
	<u>4,534,096</u>	<u>3,409,623</u>
	<b>\$ 4,662,247</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**

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	Feb. 28, 2005	Feb. 29, 2004	Feb. 28, 2005	Feb. 29, 2004
<b>Expenses</b>				
Consulting fees	\$ 3,150	\$ 12,000	\$ 10,350	\$ 24,000
Consulting fees-related party	23,900	20,975	47,200	50,175
Stock-based Compensation	-	20,700	36,200	20,700
Office and sundry	5,388	3,250	13,249	7,391
Accounting, audit, legal fees	22,628	10,720	23,964	24,209
Travel and Insurance	3,281	2,391	9,130	23,244
Listing and filing fees	7,348	10,002	9,075	16,486
Rent	1,500	1,500	3,000	3,000
Amortization	2,317	507	4,656	1,013
Advertising, promotion and shareholder relations	23,240	19,090	31,186	35,642
<b>Loss before the Under-noted</b>	<b>92,752</b>	<b>101,135</b>	<b>188,010</b>	<b>205,860</b>
<b>Resource Costs written-off</b>	<b>-</b>	<b>186,198</b>	<b>-</b>	<b>186,198</b>
<b>Interest income for the period</b>	<b>(907)</b>	<b>(882)</b>	<b>(2,199)</b>	<b>(1,681)</b>
<b>Loss for the period</b>	<b>\$ 91,845</b>	<b>\$ 286,451</b>	<b>\$ 185,811</b>	<b>\$ 390,377</b>
<b>Deficit, beginning of period</b>	<b>1,197,343</b>	<b>405,324</b>	<b>1,103,377</b>	<b>301,398</b>
<b>Deficit, end of period</b>	<b>\$ 1,289,188</b>	<b>\$ 691,775</b>	<b>\$ 1,289,188</b>	<b>\$ 691,775</b>
<b>Loss per Share - Basic and Diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>

- See Accompanying Notes -

## Statement of Cash Flows

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	Feb. 28, 2005	Feb. 29, 2004	Feb. 28, 2005	Feb. 29, 2004
<b>Cash Resources Provided By (Used In):</b>				
Loss for the period	\$ (91,845)	\$ (286,451)	\$ (185,811)	\$ (390,377)
Items not affected by cash:				
Amortization	2,317	507	4,656	1,013
Resource Costs Written-off	-	186,198	-	186,198
Stock-based compensation	-	20,700	36,200	20,700
	<b>(89,528)</b>	<b>(79,046)</b>	<b>(144,955)</b>	<b>(182,466)</b>
Changes in working capital:				
Receivables	10,237	14,777	33,334	33,871
Prepaid expenses	(270)	(7,400)	(3,059)	(3,513)
Accounts payable and accrued liabilities	(319,900)	(51,862)	(238,978)	(147,355)
	<b>(399,461)</b>	<b>(123,531)</b>	<b>(353,658)</b>	<b>(299,463)</b>
<b>Investing Activities</b>				
Purchase of capital assets	-	-	(2,610)	-
Resource property costs	(226,436)	(138,517)	(895,711)	(390,411)
	<b>(226,436)</b>	<b>(138,517)</b>	<b>(898,321)</b>	<b>(390,411)</b>
<b>Financing Activities</b>				
Share issue proceeds	839,795	-	1,339,795	511,050
Share issue costs	(61,000)	-	(98,711)	(56,617)
	<b>778,795</b>	<b>-</b>	<b>1,241,084</b>	<b>454,433</b>
<b>Net Increase in Cash and cash equivalents</b>	<b>152,898</b>	<b>(262,048)</b>	<b>(10,895)</b>	<b>(235,411)</b>
<b>Cash and cash equivalents - Beginning of Period</b>	<b>572,355</b>	<b>510,980</b>	<b>736,148</b>	<b>484,373</b>
<b>Cash and cash equivalents - End of Period</b>	<b>\$ 725,253</b>	<b>\$ 248,932</b>	<b>\$ 725,253</b>	<b>\$ 248,932</b>

### Supplemental Schedule of non-cash Transactions

Stock-based compensation	\$ -	\$ 20,700	\$ 36,200	\$ 20,700
Shares issued for property	33,000	22,000	33,000	22,000
Resource Costs Written-off	-	186,198	-	186,198

- See Accompanying Notes -

## Schedule of Resource Property Costs

Canadian Funds

Unaudited

	For the Three Months Ended		For the Six Months Ended	
	Feb. 28, 2005	Feb. 29, 2004	Feb. 28, 2005	Feb. 29, 2004
<b>FOREMORE VMS-Gold Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Additional staking and land costs	\$ -	\$ 590	\$ 6,472	\$ 1,780
<b>Deferred Exploration Costs</b>				
Geological/Project Management	38,122	25,639	103,063	74,626
Drilling costs	-	-	196,481	-
Materials and equipment	1,841	330	11,713	31,184
Geophysical	-	-	58,235	-
Field transport, mobilization	-	-	154,359	77,985
Travel and accommodation	3,837	-	8,348	8,998
Communication	848	-	3,506	2,598
Prospecting, labour, camp costs	7,187	3,395	44,233	56,487
Maps and reports	11,276	9,279	23,363	16,126
Assaying	3,053	1,880	53,107	23,223
	<b>66,164</b>	<b>41,113</b>	<b>662,880</b>	<b>293,007</b>
<b>MAX Molybdenum Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Option payment - cash	50,000	50,000	50,000	50,000
Option payment - shares	33,000	22,000	33,000	22,000
Additional staking, land costs	4,310	18,581	5,933	18,581
<b>Deferred Exploration Costs</b>				
Engineering	58,476	-	58,476	-
Maps and reports	14,663	-	17,531	-
Travel& accommodation	11,411	-	14,431	-
Environmental	9,275	-	16,739	-
Geological/Project Management	5,623	2,100	11,903	2,100
Camp Costs, Meals	2,749	-	3,757	-
Communication	2,128	-	4,186	-
Materials and equipment	1,637	-	23,604	-
	<b>193,272</b>	<b>92,681</b>	<b>239,560</b>	<b>92,681</b>
<b>SEAGOLD Project, B.C., Canada</b>				
<b>Acquisition Costs</b>				
Option payment - cash	-	25,000	25,000	25,000
<b>Deferred Exploration Costs</b>				
Geological	-	-	350	-
Assays	-	-	921	-
	-	25,000	26,271	25,000
<b>Total Resource Costs for Period</b>	<b>259,436</b>	<b>160,517</b>	<b>928,711</b>	<b>412,411</b>
Balance - Beginning of period	3,493,249	1,501,245	2,823,974	1,249,351
	-	(186,198)	-	(186,198)
<b>Balance - End of Period</b>	<b>\$ 3,752,685</b>	<b>\$ 1,475,564</b>	<b>\$ 3,752,685</b>	<b>\$ 1,475,564</b>

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****February 28, 2005***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	<b>Total February 28 2005</b>	Total February 29 2004
FOREMORE VMS-Gold Project	\$ 171,667	2,844,092	<b>3,015,759</b>	1,357,883
MAX Molybdenum Project	279,514	378,563	<b>658,077</b>	92,681
SEAGOLD Project	57,500	21,979	<b>79,479</b>	25,000
	<b>\$ 508,681</b>	<b>3,244,634</b>	<b>3,753,315</b>	<b>1,475,564</b>

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****February 28, 2005***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
	<u>\$ 100,000</u>	<u>600,000</u>

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 Molybdenum 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 Venture Exchange approval (issued)	-	100,000
On or before January 1, 2005 (paid)	50,000	-
On or before January 16, 2005 (issued)	-	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
	<u>\$ 200,000</u>	<u>600,000</u>

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****February 28, 2005***Canadian Funds***Unaudited**

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**4. Resource Property Costs - 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****February 28, 2005***Canadian Funds***Unaudited****5. Property, Plant and Equipment**

Details are as follows:

	Cost	Accumulated Amortization	<b>February 28, 2005 Net Book Value</b>	February 29, 2004 Net Book Value
Office and Computers	\$ 12,262	\$ 5,788	\$ <b>6,474</b>	\$ 5,737
Crew/ Equipment Van	29,761	8,259	<b>21,502</b>	-
	<b>\$ 42,023</b>	<b>\$ 14,047</b>	<b>\$ 27,976</b>	<b>\$ 5,737</b>

**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 – November 2004	2,000,000	500,000
Private placement – January 2005	2,080,000	624,000
Exercise of Warrants	287,500	71,875
Exercise of Agent warrants	539,600	107,920
Exercise of Incentive stock options	180,000	36,000
Issued to agent as commission and fees – November 2004	110,000	-
Issued to agent as corporate finance fee – January 2005	40,000	-
Issued for MAX Project	100,000	33,000
Stock-based compensation	-	36,200
Share issuance costs	-	(98,711)
<b>Balance – February 28, 2005</b>	<b>32,027,101</b>	<b>\$ 5,823,284</b>

**Roca Mines Inc.***(A Development Stage Company)***Notes to Financial Statements****February 28, 2005***Canadian Funds***Unaudited****6. Share Capital - Continued**

- b) During the first quarter ended November 30, 2004, the Company completed a private placement for gross proceeds of \$500,000. Two million 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.
- c) During the second quarter ended February 28, 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 consisted of one common share and one share purchase 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.
- d) During the second quarter ended February 28, 2005, the Company issued 100,000 shares at deemed price of \$0.33 per share pursuant to the terms of an option to earn a 100% interest in the MAX Molybdenum Project.
- e) During the six months ended February 28, 2005, 539,600 previously granted Agent Warrants exercisable at \$0.20 per unit were exercised for proceeds of \$107,920 and 287,500 previously granted warrants exercisable at \$0.25 per share were exercised for proceeds of \$71,875.
- f) As at February 28, 2005 the following share purchase warrants are outstanding:

	Number	Exercise Price/Share	Expiry Date
Warrants	3,400,000	\$ 0.20	November 19, 2005
Warrants	4,712,500	\$ 0.25	June 23, 2005
Warrants	1,000,000	\$ 0.35	November 26, 2005
Agent Warrants	460,400	\$ 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

- g) At February 28, 2005, 1,230,000 shares are held in escrow, to be released over time.

## Notes to Financial Statements

February 28, 2005

Canadian Funds

Unaudited

### 6. Share Capital - Continued

- h) 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.

A summary of the Company's options at February 28, 2005 and the changes for the six month period are as follows:

Number Outstanding August 31 2004	Granted	Exercised	Cancelled	Expired	Number Outstanding Feb. 28, 2005	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	180,000	-	-	2,585,000		

During the six months ended February 28, 2005, 180,000 previously granted stock options exercisable at \$0.20 per share were exercised for proceeds of \$36,000 and 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.

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.

- i) 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.

## Notes to Financial Statements

February 28, 2005

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 six month period ended February 28, 2005, consulting and contract fees of \$23,800 (2004 - \$26,200) 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. Of this amount, \$3,200 is contained in deferred exploration costs for the period and the balance in related-party consulting.
- b) During the six month period ended February 28, 2005, consulting fees of \$22,750 (2004 - \$21,175) were paid or accrued to the CFO and Secretary of the Company. Services provided include corporate finance activities, contract negotiations, fund raising, accounting, office management and general administration.
- c) During the six month period ended February 28, 2005, per-diem contract fees of \$20,550 (2004 - \$25,100) were paid or accrued to a director or a company controlled by a director. Of this amount, \$16,700 is contained in deferred exploration costs for the period and \$3,850 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
	<u>\$ 634,000</u>

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 February 28, 2005, 129,500 previously granted Agent warrants exercisable at \$0.20 per unit were exercised for proceeds of \$25,900 and 10,000 previously granted Agent warrants exercisable at \$0.25 per share were exercised for proceeds of \$2,500.

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