



**ROCA MINES INC.**

*(A Development Stage Company)*

**CONSOLIDATED FINANCIAL STATEMENTS**

**November 30, 2006 and 2005**

**(Expressed in Canadian Funds)**

Prepared by Management Without Audit

## **UNAUDITED INTERIM CONSOLIDATED 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 consolidated financial statements for the period ended November 30, 2006.

## Consolidated Balance Sheets

Canadian Funds

<b>ASSETS</b>	<b>As at November 30, 2006 (Unaudited)</b>	<b>As at August 31, 2006</b>
<b>Current</b>		
Cash and cash equivalents	\$ 420,336	\$ 4,909,936
Receivables	415,759	213,754
Prepaid expenses	30,497	31,047
Marketable securities (Note 4)	13,000	24,700
	<b>879,592</b>	<b>5,179,437</b>
<b>Resource Property Costs - Schedule (Note 5)</b>	<b>19,035,217</b>	<b>11,373,439</b>
<b>Reclamation Bonds (Note 9)</b>	<b>752,900</b>	<b>752,900</b>
<b>Deposits on Contracts (Note 12b)</b>	<b>220,000</b>	<b>265,000</b>
<b>Equipment (Note 6)</b>	<b>36,041</b>	<b>36,963</b>
	<b>20,044,158</b>	<b>12,428,302</b>
	<b>\$ 20,923,750</b>	<b>\$ 17,607,739</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 3,223,435	\$ 1,212,432
Due to related parties (Note 10f)	97,938	79,769
Short-term loan payable – related party (Note 10f)	550,000	-
	<b>3,871,373</b>	<b>1,292,201</b>
<b>Asset Retirement and Mine Closure Obligations (Note 8)</b>	<b>524,400</b>	<b>126,000</b>
	<b>4,395,773</b>	<b>1,418,201</b>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share Capital (Note 7a)</b>	<b>17,606,688</b>	<b>17,004,359</b>
<b>Contributed Surplus (Note 7e)</b>	<b>648,475</b>	<b>763,946</b>
<b>Deficit - Statement 2</b>	<b>(1,727,186)</b>	<b>(1,578,767)</b>
	<b>16,527,977</b>	<b>16,189,538</b>
	<b>\$ 20,923,750</b>	<b>\$ 17,607,739</b>

ON BEHALF OF THE BOARD:

"Scott Broughton", Scott E. Broughton, Director

"David Skerlec", David J. Skerlec, Director

## Consolidated Statements of Loss and Deficit

For the Three Months Ended November 30

Canadian Funds

Unaudited

	2006	2005
<b>Expenses</b>		
Advertising, promotion and shareholder relations	\$ 39,464	\$ 26,884
Consulting and management fees	30,500	29,829
Banking charges, office and sundry	23,933	6,567
Consulting fees - stock-based compensation	16,692	170,306
Accounting, audit and legal fees	13,600	10,271
Travel and insurance costs	8,148	21,119
Rent	5,890	1,500
Amortization	3,722	2,631
Listing and filing fees	2,223	3,649
<b>Loss Before the Undernoted</b>	<b>144,172</b>	<b>272,756</b>
Property investigation/generative exploration costs	46,005	-
Gain on sale of marketable securities	(11,370)	-
Interest income	(30,388)	(553)
<b>Loss for the Period</b>	<b>148,419</b>	<b>272,203</b>
Deficit - Beginning of period	1,578,767	1,260,113
<b>Deficit - End of Period</b>	<b>\$ 1,727,186</b>	<b>\$ 1,532,316</b>
<b>Loss per Share - Basic and Diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted Average Number of Common Shares Outstanding</b>	<b>60,161,653</b>	<b>37,760,133</b>

- See Accompanying Notes -

## Consolidated Statements of Cash Flows

For the Three Months Ended November 30

Canadian Funds

Unaudited

Cash Resources Provided By (Used In)	2006	2005
<b>Operating Activities</b>		
Loss for the year	\$ (148,419)	\$ (272,203)
Items not affected by cash:		
Amortization	3,722	2,631
Stock-based compensation	16,692	170,306
Gain on sale of marketable securities	(11,370)	-
	<u>(139,375)</u>	<u>(99,266)</u>
Changes in non-cash working capital items:		
Receivables	(202,005)	70,458
B.C. Mining Exploration Tax Credit (BCMETC) receivable	-	238,435
Prepaid expenses and deposits	550	(29,798)
Accounts payable and accrued liabilities	18,248	(1,670)
Short-term loan payable	550,000	-
	<u>227,418</u>	<u>178,159</u>
<b>Investing Activities</b>		
Purchase of equipment	(2,800)	-
Resource property costs, <i>net of exploration tax credits</i>	(5,384,617)	(556,922)
Deposits on contracts	45,000	-
Proceeds on disposal of marketable securities	23,070	-
	<u>(5,319,347)</u>	<u>(556,922)</u>
<b>Financing Activities</b>		
Share issue proceeds	602,329	737,500
Share issue costs	-	(60,000)
	<u>602,329</u>	<u>677,500</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(4,489,600)</b>	<b>298,737</b>
Cash and cash equivalents - Beginning of period	4,909,936	18,417
<b>Cash and Cash Equivalents - End of Period</b>	<b>\$ 420,336</b>	<b>\$ 317,154</b>
<b>Supplemental Schedule of Non-Cash Investing and Financing Transactions</b>		
Exploration expenditures included in accounts payable	\$ 1,912,985	\$ 474,275

- See Accompanying Notes -

## Consolidated Schedules of Resource Property Costs

For the Three Months Ended November 30

Canadian Funds

Unaudited

	2006	2005
<b>MAX Molybdenum Project, B.C., Canada</b>		
<b>Acquisition Costs</b>		
Additional acquisition, staking and land costs	\$ -	\$ 5,000
<b>Deferred Exploration and Development Costs</b>		
Tailings pond equipment and materials	2,651,596	-
Mill equipment, materials and relocation	1,756,801	-
Electrical	789,746	-
Mining materials, equipment and underground development	767,130	10,011
Engineering studies and consulting	511,991	29,064
Estimated mine closure and reclamation costs	398,400	-
Camp equipment, construction costs and materials	151,446	-
General labour costs	150,212	6,876
Geological and project management	129,286	19,250
Environmental studies and consulting	87,545	51,059
Travel and accommodation	82,500	17,526
Office, communication and sundry	70,348	1,622
Lab, assay and metallurgical	54,895	2,638
Roads and roadwork	31,602	-
Permitting	10,510	-
	7,644,008	143,046
<b>FOREMORE VMS-Gold Project, B.C., Canada</b>		
<b>Acquisition Costs</b>		
Additional staking and land costs	\$ 1,100	\$ -
<b>Deferred Exploration Costs</b>		
Maps and reports	13,730	-
Prospecting, labour, camp costs and meals	2,800	3,248
Materials and equipment	140	1,342
Geophysical	-	13,967
Field transportation, mobilization	-	5,278
Communication	-	4,578
Geological and project management	-	2,058
Travel and accommodation	-	1,298
Assaying	-	9
	17,770	31,778
<b>Total Resource Property Costs for the Period</b>	<b>7,661,778</b>	<b>174,824</b>
Balance - Beginning of period	11,373,439	5,877,591
<b>Balance - End of Period</b>	<b>\$ 19,035,217</b>	<b>\$ 6,052,415</b>

- See Accompanying Notes -

**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 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.

These financial statements are presented on a consolidated basis as the Company incorporated a wholly owned subsidiary, FortyTwo Metals Inc., on February 3, 2005. FortyTwo Metals Inc., a British Columbia corporation, holds the mineral claims and underlying agreements and will serve as the operating subsidiary for the Max Molybdenum Project.

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, 2006.

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**3. Fair Value of Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, receivables, marketable securities, deposits on contracts, reclamation bonds, accounts payable and amounts due to related parties. 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. Marketable Securities**

Marketable securities consist of 100,000 (2005 – 150,000) shares of Romios Gold Resources Inc. ("Romios") at a recorded book value of \$13,000 (2005 - \$23,250) with a market value of \$30,000 (2005 - \$15,750) on November 30, 2006. The Company's share ownership is minimal and it has no control or significant influence over Romios.

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**5. Resource Property Costs**

Details are as follows:

	Acquisition	Deferred Exploration & Development	Total November 30, 2006	Total November 30, 2005
Max Molybdenum Project	\$ 864,811	\$ 14,310,293	\$ 15,175,104	\$ 3,915,138
Foremore VMS-Gold Project	312,184	3,516,320	3,828,504	2,099,418
SeaGold Project	12,500	19,109	31,609	37,859
	\$ 1,189,495	\$ 17,845,722	\$ 19,035,217	\$ 6,052,415

Roca Mines Inc.  
(A Development Stage Company)  
**Notes to Consolidated Financial Statements**  
November 30, 2006 and 2005  
Canadian Funds  
Unaudited

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**5. Resource Property Costs - Continued**

a) **MAX Molybdenum Project, Revelstoke Mining Division, B.C., Canada**

On August 31, 2006, the Company completed the acquisition of 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 and prepare for commercial production from the property, the Company issued 600,000 shares to the vendor and made cash payments totalling \$200,000. The MAX Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase, at any time, 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 annual royalty payments of \$50,000 will be payable by the Company starting from August 31, 2007, 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 Molybdenum Project mineral claims. Under the terms of this acquisition agreement, the Company paid \$100,000 for the property and original data detailing all previous exploration. The Company granted a 2.5% NSR on the contiguous property, reducible to 1% upon payment of \$2,000,000 at any time prior to commencement of commercial production. The Company must also issue 200,000 shares if it commences commercial production from any part of the contiguous property.

b) **FOREMORE VMS-Gold Project, Liard Mining Division, B.C., Canada**

On May 1, 2005, the Company completed the acquisition of a 100% interest in certain properties, known as the Foremore Project located in the Liard Mining Division, B.C. by paying cash payments of \$100,000 (paid) and issuing 400,000 common shares (issued) to the property vendor.

The Foremore Project is subject to a 2.5% Net Smelter Return ("NSR"). The Company may purchase at any time, 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 May 1, 2006 (\$50,000 paid to date). 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. The Company must also issue 200,000 common shares to the vendor upon the commencement of commercial production.

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 (issued)	-	50,000
On or before December 1, 2005 (paid)	25,000	-
On or before May 1, 2006 (issued)	-	50,000
On or before December 1, 2006 (paid/issued subsequently)	25,000	75,000
Upon commencement of commercial production	-	200,000
	\$ 100,000	400,000

**Roca Mines Inc.**  
**(A Development Stage Company)**  
**Notes to Consolidated Financial Statements**

**November 30, 2006 and 2005**

*Canadian Funds*

**Unaudited**

**5. Resource Property Costs - Continued**

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

The SeaGold Project is subject to a 2.5% NSR. The Company may purchase at any time, 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 annual royalty payments of \$30,000 will be payable by the Company starting on December 1, 2007, ceasing in the year in which commercial production commences.

The Company has signed an agreement dated May 1, 2005 with Romios Gold Resources Inc. ("Romios") whereby Romios can earn up to a 50% interest in the SeaGold Property by completing the following:

	Cash Payments	Share Issuances	Property Expenditures
Upon Exchange Approval (received)	\$ 25,000	150,000	\$ -
December 1, 2005 (received)	50,000	150,000	-
December 31, 2005 (incurred)	-	-	150,000
December 1, 2006 (received subsequently)	50,000	150,000	-
December 31, 2006	-	-	150,000
December 1, 2007	75,000	150,000	-
December 31, 2007	-	-	700,000
	<u>\$ 200,000</u>	<u>600,000</u>	<u>\$ 1,000,000</u>

Romios will also assume the Company's obligation to issue the original property vendor 200,000 common shares upon commencement of commercial production, and advance royalty payments of \$30,000 per annum commencing on December 1, 2007.

An additional 25% (up to 75%) can be earned by Romios by paying the Company \$2,000,000 in cash or common share equivalent within 90 days of the vesting of the initial 50%.

**6. Equipment**

Details are as follows:

	Cost	Accumulated Amortization	November 30, 2006 Net Book Value	November 30, 2005 Net Book Value
Office and Computers	\$ 41,690	\$ 17,737	\$ 23,953	\$ 7,354
Geological Software	5,544	4,922	622	1,609
Crew/Equipment Van	29,761	18,295	11,466	16,380
	<u>\$ 76,995</u>	<u>\$ 40,954</u>	<u>\$ 36,041</u>	<u>\$ 25,343</u>

**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 2005***Canadian Funds***Unaudited****7. Share Capital**

a) Details are as follows:

Authorized:	Number of Shares		Amount
Unlimited common shares without par value			
<b>Balance – August 31, 2005</b>	37,210,735	\$	6,683,966
Issued for cash:			
Private placement of units - December 2005 - prorated fair value of common shares issued	1,000,000		249,094
Private placement - March 2006	5,000,000		2,000,000
Private placement - May 2006	2,857,143		2,000,000
Private placement - August 2006	7,042,254		5,000,000
Exercise of \$0.20 November Warrants	3,400,000		680,000
Exercise of \$0.25 November Agent Warrants	230,000		57,500
Exercise of \$0.40 July Warrants	1,334,165		533,666
Exercise of \$0.40 July Agent Warrants	77,800		31,120
Exercise of \$0.40 December Warrants	168,333		67,333
Exercise of Incentive stock options	150,000		37,500
Issued to finders on March 2006 private placement	350,000		140,000
Issued for MAX Project	400,000		395,000
Issued for SeaGold Project	50,000		34,500
Fair value of Aug. 2006 warrants issued as finder fees	-		24,526
Fair value of stock options exercised	-		22,708
Fair value of warrants exercised	-		8,569
Share issuance costs	-		(687,993)
Flow-through share renunciation – tax effect <i>(Note 11)</i>	-		(273,130)
<b>Balance – August 31, 2006</b>	59,270,430	\$	17,004,359
Issued for cash:			
Exercise of \$0.40 December Warrants	831,667		332,667
Exercise of Incentive stock options	250,000		137,500
Fair value of stock options exercised <i>(Note 7e)</i>	-		89,825
Fair value of warrants exercised <i>(Note 7e)</i>	-		42,337
<b>Balance – November 30, 2006</b>	60,352,097		17,606,688

b) A summary of the Company's warrants and agent warrants ("B-Warrants") outstanding at November 30, 2006 and the changes for the period are as follows:

Number Outstanding August 31, 2006	Issued	Exercised	Expired	Number Outstanding November 30, 2006	Exercise Price Per Share	Expiry Date	Description
831,667	-	(831,667)	-	-	\$0.40	8-Dec-06	Warrant
39,335	-	-	-	39,335	\$0.90	28-Aug-07	B-Warrant
871,002	-	(831,667)	-	39,335			

**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 2005***Canadian Funds***Unaudited****7. Share Capital - Continued**

- c) 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.
- d) A summary of the Company's options at November 30, 2006 and the changes for the period are as follows:

Number Outstanding August 31, 2006	Granted	Exercised	Number Outstanding November 30, 2006	Exercise Price Per Share	Expiry Date
<b>908,000</b>	-	-	<b>908,000</b>	\$0.20	17-Dec-07
<b>150,000</b>	-	-	<b>150,000</b>	\$0.20	7-Jan-08
<b>397,000</b>	-	-	<b>397,000</b>	\$0.20	11-Dec-08
<b>930,000</b>	-	-	<b>930,000</b>	\$0.25	24-Aug-09
<b>200,000</b>	-	-	<b>200,000</b>	\$0.25	26-Nov-09
<b>975,000</b>	-	-	<b>975,000</b>	\$0.25	18-Oct-10
<b>200,000</b>	-	(100,000)	<b>100,000</b>	\$0.55	13-Mar-11
<b>450,000</b>	-	(150,000)	<b>300,000</b>	\$0.55	10-Apr-11
<b>100,000</b>	-	-	<b>100,000</b>	\$0.60	8-May-11
<b>4,310,000</b>	-	(250,000)	<b>4,060,000</b>		

At November 30, 2006, all but 100,000 options (exercisable at \$0.55 and expiring on March 13, 2011) had vested.

During the prior fiscal year, the Company granted 200,000 incentive stock options exercisable at a price of \$0.55 per share for a period of five years, vesting over a period of one year. The total fair value of the options granted was calculated to be \$66,866 on the grant date of which \$16,691 was recorded during the first quarter ended November 30, 2006, with the offsetting entry to contributed surplus.

During the first quarter, 250,000 previously granted stock options exercisable at \$0.55 per share were exercised for proceeds of \$137,500. The fair value of the stock options exercised was calculated to be \$89,825 and that amount has been transferred to share capital from contributed surplus.

**e) Contributed Surplus**

Details are as follows:

	<b>November 30, 2006</b>	November 30, 2005
Balance – Beginning of Period	\$ <b>763,946</b>	\$ 328,802
Fair value of stock-based compensation	<b>16,691</b>	170,306
Fair value of warrants exercised – to share capital	<b>(89,825)</b>	-
Fair value of options exercised – to share capital	<b>(42,337)</b>	-
Balance – End of Period	\$ <b>648,475</b>	\$ 499,108

**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 2005***Canadian Funds***Unaudited**

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**8. Asset Retirement and Mine Closure Obligations**

For each property, management has estimated the costs of reclaiming its projects in accordance with the Company's accounting policy at November 30, 2006. Details of management's estimates of reclamation and mine closure costs are as follows:

	<b>November 30, 2006</b>	November 30, 2005
Balance – Beginning of Period	\$ 126,000	-
Foremore Project – estimated camp closure and other reclamation costs	-	-
Max Molybdenum – estimated mine closure and other reclamation costs	<b>398,400</b>	-
Balance – End of Period	<b>\$ 524,400</b>	-

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**9. Reclamation Bonds**

During the prior year, the Company was refunded its exploration bonds at the SeaGold and Max Molybdenum projects. The Company was required to place a new bond at Max, to cover estimated mine closure costs. At November 30, 2006, reclamation bonds totalling \$752,900 remain in safekeeping with the British Columbia Ministry of Energy, Mines and Petroleum Resources as summarized below:

	<b>November 30, 2006</b>	November 30, 2005
Max Molybdenum Project	\$ 730,000	\$ 5,000
Foremore Project	<b>22,900</b>	22,900
SeaGold Project	-	3,000
Total	<b>\$ 752,900</b>	\$ 30,900

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**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 2005***Canadian Funds***Unaudited**

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**10. Related Party Transactions**

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

- a) During the first quarter ended November 30, 2006, consulting fees of \$23,600 (2005 - \$19,600) were paid or accrued to the President and CEO of the Company. Services provided include general corporate, exploration and acquisition strategy, drafting and engineering work, contract negotiations, and investment presentations. Of this amount, \$12,000 is recorded in deferred exploration and development costs for the quarter and the balance in consulting fees.
- b) During the first quarter ended November 30, 2006, consulting fees of \$16,800 (2005 - \$18,900) were paid or accrued to the CFO and Secretary of the Company. Services provided include corporate finance and fund raising initiatives, contract negotiations, financial accounting, office management and general administration.
- c) During the first quarter ended November 30, 2006, per-diem contract fees of \$20,050 (2005 - \$23,100) were paid or accrued to a director or a company controlled by a director. Of this amount, \$15,850 is contained in deferred exploration and development costs for the year and the balance has been expensed as consulting fees or generative exploration expense.
- d) During the first quarter ended November 30, 2006, monthly consulting fees of \$39,000 (2005 - \$nil) were paid or accrued to the Company's Vice President of Mining. Services provided include drafting and engineering work, equipment procurement, and general project management. This amount is contained in deferred exploration and development costs for the year.
- e) During the first quarter ended November 30, 2006, the Company was reimbursed for rent and office expenses totalling \$5,309 (2005 - \$nil) by a company with common management.
- f) As at November 30, 2006, current liabilities include \$647,938 (2005 - \$92,178) payable to related parties. These amounts were incurred in the ordinary course of business, are non-interest bearing, and without specific repayment terms. At November 30, 2006, a short term loan of \$550,000 was owing to the Company's CFO and Secretary. The loan is non-interest bearing with no specific repayment terms.

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**11. Income Taxes**

- a) Reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	<b>2006</b>	2005
Earnings (Loss) before income taxes	<b>\$ (591,784)</b>	\$ (334,736)
Canadian federal and provincial income tax rate	<b>34.12%</b>	35.60%
Income tax expense (recovery)	<b>(201,917)</b>	(119,166)
Increase (decrease) due to:		
Non-deductible expenses for tax purposes	<b>82,576</b>	41,039
Deductible expenses for tax purposes	<b>(105,235)</b>	(54,056)
Renunciation of exploration credit	<b>(273,130)</b>	(178,000)
Reversal of valuation allowance	<b>224,576</b>	132,182
Income tax expense (recovery)	<b>\$ (273,130)</b>	\$ (178,000)

**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 2005***Canadian Funds***Unaudited**

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**11. Income Taxes - Continued**

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.

Funds raised by the Company through the sale of the flow-through common shares must be spent on qualified mineral exploration. During the year ended August 31, 2005, the Company raised a total of \$1,300,500 through the issuance of flow-through securities, which funds have been expended on qualifying expenditures. \$500,000 was renounced, for income tax purposes, to the flow-through investors with an effective date of renunciation of December 31, 2004. The balance of \$800,500 was renounced with an effective date of December 31, 2005.

For the \$800,500 that was renounced in 2005 (2004 - \$500,000), the future tax liability amounted to \$273,130 (2005 - \$178,000). The Company's tax pool balances exceed this estimated liability. Therefore, the Company has reduced its share capital account and recorded future income tax recovery of \$273,130 (2005 - \$178,000).

The Company has incurred certain resource property related expenditures of approximately \$8,287,580 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 \$1,587,738 that are available to offset future taxable income. These losses may be carried forward and expire in the years 2010 to 2016.

- b) The significant components of future income tax assets and liabilities are as follows:

	<b>2006</b>	<b>2005</b>
Non-capital loss carry forwards	<b>\$ 541,736</b>	\$ 330,917
Temporary difference in value:		
Resource property costs	<b>(1,052,895)</b>	(667,839)
Equipment	<b>21,644</b>	25,160
Future income tax assets (liabilities)	<b>(489,515)</b>	(311,762)
Valuation allowance	<b>489,515</b>	311,762
Net future income tax asset (liability)	<b>\$ -</b>	\$ -

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

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**Roca Mines Inc.***(A Development Stage Company)***Notes to Consolidated Financial Statements****November 30, 2006 and 2005***Canadian Funds***Unaudited**

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**12. Commitments**

- a) During the prior fiscal year, the Company signed a lease agreement for the rental of office space. The lease began April 1, 2006 and ends on March 31, 2009. The future minimum lease obligations are as follows:

	Amount
2007	\$ 36,523
2008	36,523
2009	21,305
	<u>\$ 94,351</u>

- b) During the year, the Company entered into several contracts as part of the development plan for the Max Molybdenum Mine. At November 30, 2006, the Company had recorded deposits of \$220,000 for construction and future mining costs. If the Company were to cancel the contracts prior to performance, up to 100% of this amount could be forfeited based on the timing of the cancellation.
- c) The Company has entered into a stipulated price contract for concrete works at the Max Molybdenum Mine. The contract requires the Company to pay approximately \$1.2 million for foundation work at the mill and concentrator site if the contractor meets the design and specifications contained in the agreement. At November 30, 2006, approximately 75% of the concrete work had been completed with the balance completed subsequent to quarter-end.
- d) The Company has signed an offtake agreement with a U.K.-based purchaser (the "Purchaser"), for molybdenum concentrates produced at the Company's Max Molybdenum Mine. Under the terms of the offtake agreement, the Purchaser has agreed to purchase 100 per cent of the molybdenum concentrates produced at the mine during calendar years 2006 and 2007. Thereafter, the contract is renewable through 2017 by mutually agreed upon pricing. The Purchaser will accept delivery at the Company's storage facility at the Max site and will be responsible for all downstream roasting and/or processing charges, transportation, insurance and marketing costs after pickup at the mine gate.

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**13. Subsequent Events**

- a) In December of 2006, the Company signed four agreements with a group of prospectors, pursuant to which the Company may acquire a 100% interest in four separate properties in the Revelstoke mining division, British Columbia. The Company paid \$7,500 and issued 60,000 shares on TSX Venture Exchange approval of the agreements. To maintain all options in good standing, the Company must pay an additional \$148,500 and issue 255,000 common shares in stages on or before April 1, 2010. Each property is subject to a 2-per-cent net smelter return royalty which may be purchased by the company for \$2-million.
- b) Subsequent to quarter-end, the Company completed the first tranche of a proposed \$7 million private placement. The first tranche raised gross proceeds of \$2.56-million upon the issuance of 1,828,571 units. Each unit issued consists of one common share and one share purchase warrant, each warrant entitling the holder to acquire an additional common share until July 4, 2008, at a price of \$2.25. A cash finder's fee in the amount of \$150,000 was paid in connection with the first tranche. Proceeds from this financing will be used for ongoing development of the Max molybdenum mine.
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