ROCA MINES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(FORM 51-102F1)

FIRST QUARTER ENDED NOVEMBER 30, 2006

JANUARY 25, 2007

This discussion and analysis should be read in conjunction with the unaudited interim consolidated financial statements and related notes thereto for the three months ended November 30, 2006 and 2005, which have been prepared in accordance with Canadian generally accepted accounting principles. The reader should also refer to the annual audited consolidated financial statements for the years ended August 31, 2006 and August 31, 2005 and the Management's Discussion and Analysis for those years. All amounts in the financial statements and this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated.

Forward-Looking Information

This management discussion and analysis ("MD&A") contains certain forward-looking statements and information relating to Roca Mines Inc. (the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, amongst other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Aside from factors identified in the annual MD&A, additional, important factors, if any, are identified here.

Description of Business and Overview of Operations and Financial Condition

The Company is engaged in exploration and development of mineral resources including base, precious and strategic metals in British Columbia, Canada. Exploration is focused on the search for precious and base metals on two properties located in the Liard Mining Division in north-western British Columbia and four properties located in the Revelstoke Mining Division in south-eastern British Columbia. The Company, through its wholly-owned subsidiary, FortyTwo Metals Inc., also holds a 100% interest in the Max Molybdenum Project, located approximately 60 kilometres from Revelstoke, British Columbia. FortyTwo Metals is now completing construction on this mine, where it plans to produce a readily saleable concentrate of approximately 90% molybdenite (containing approximately 55% by weight of the strategic, transition-metal, molybdenum).

During the three months ended November 30, 2006, the Company incurred an operating loss of $148,419 and incurred exploration, development and acquisition costs of $7,661,778, compared to an operating loss of $272,203 and exploration expenditures of $174,824 for the comparable period in the prior fiscal year. General and administrative expenses decreased substantially over the comparable period in 2005 because of lower non-cash, stock-based compensation expense in the current fiscal year. On a cash basis, higher rent, office and sundry, travel costs, advertising and shareholder relations expenses help account for the overall increase in general and administrative costs over 2005, reflecting the Company's rapid expansion and transition from exploration-company to emerging producer. Exploration, development and acquisition expenditures increased significantly as the Company accelerated construction at the Max Molybdenum Mine.

Selected Annual Financial Results

		Year Ended August 31, 2006		Year Ended August 31, 2005		Year Ended August 31, 2004
Total revenues	$	Nil	$	Nil	$	Nil
Net loss	$	(318,654)[1]	$	(156,736)	$	(801,979)[2]
Net loss per share	$	(0.01)	$	(0.01)	$	(0.05)
Total assets	$	17,607,739	$	6,307,296	$	3,776,752
Total long term debt	$	Nil	$	Nil	$	Nil

Notes:
1) The loss for the year-ended August 31, 2006 includes non-cash stock-based compensation of $111,059.
2) The loss for the year-ended August 31, 2004 includes a one-time write-off of $186,198 in resource property costs and non-cash stock-based compensation of $268,500.

Results of Operations

MAX Molybdenum Project

In August of 2006, the Company completed the 100% acquisition of 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).

In August of 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.

MAX was previously explored by a joint venture of Newmont Mines Limited ('Newmont') and Esso Minerals Canada Ltd. ('Esso') from 1975 to 1982. Work expenditure during that period totalled $14.9 million. Work on the project was suspended by the Newmont-Esso joint venture in 1982 due to a price decline and poor market projection for molybdenum products.

Historic and recent diamond drilling at the MAX Project demonstrates that the deposit hosts zones of continuous molybdenite mineralization with grades that are an order of magnitude greater than many operating molybdenite mines. In November of 2005, the Company's wholly-owned subsidiary, FortyTwo Metals Inc., was granted a permit (the "Permit") which allows for the development and operation of an underground mine and onsite concentrator at the MAX Project.

Initial production in 2007 will focus on the "HG" Zone, including an estimated 280,000 tonnes ("measured + indicated") grading 1.95% MoS_2 hosted within the larger MAX deposit comprising 42.9 million tonnes ("measured" + "indicated") grading 0.20% MoS_2. The Company's strategy to fast-track a high-grade mine is intended to minimize the lead time to production and reduce initial capital costs. The use of existing production-sized underground access to the deposit will be maximized. Expansion of the mine and mill will be guided by prevailing molybdenum prices and an assessment of ongoing operating costs in 2007.

During the three months ended November 30, 2006, the Company incurred acquisition, development and exploration costs of $7,644,008 compared to $174,824 for the three months ended November 30, 2005. Development costs included costs associated with road and underground rehabilitation, environmental consulting, engineering, mine and mill and tailings facility development. As at November 30, 2006, a total of $15,175,104 in acquisition and deferred exploration and development costs have been incurred at MAX, net of recorded tax credits.

Foremore VMS-Gold Project

In May of 2005, the Company completed the acquisition of a 100% interest in the Foremore VMS-Gold project in the Liard Mining Division, B.C. for total payments of $100,000 in cash and 400,000 common shares. The Foremore Project is subject to a 2.5% Net Smelter Return ("NSR") of which the Company may purchase up to 60% at any time by paying $1,000,000 for each 30% ($2,000,000 for the full 60% of the 2.5% NSR). The Company is required to make annual advance royalty payments of $50,000 on May 1 of each year ($50,000 paid to date). This advance royalty ceases in the year in which commercial production commences at which time 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.

Foremore has been the focus of the Company's exploration efforts dating back to the summer of 2002 and was the focus of exploration by Cominco Limited between 1989 and 1996. It is situated in one of the most active mining and exploration areas in British Columbia. Significant operations include Barrick Gold's legendary Eskay Creek Mine, Cominco's historic Snip Mine and NovaGold's massive Galore Creek Project. Foremore is located approximately 45 km north of the Eskay Creek Mine and is on the planned road access route to the Galore Creek Project.

Drawn to the area because of its abundance of mineralized boulders, previous explorers failed to locate a source for those boulders at Foremore. In contrast, the Company's exploration crews have succeeded in discovering numerous showings and mineralized zones in outcrop and in diamond drill-holes, over the past few seasons. The 'North Zone' exhibits all of the characteristics of major world-class volcanogenic massive sulphide ("VMS") systems and clearly shows good precious and base metal grades within the edges of the system drilled to date. With a strike length of some 6 kilometres, the North Zone itself (a small portion of the total project area) has the potential to hold one or several significant deposits.

To date, the Company had expended a total of $3,828,504 (net of recorded tax credits) at Foremore including $312,184 in acquisition costs and the balance in deferred exploration costs. While relatively inactive at Foremore during the prior year and current quarter, the Company is planning an exploration program for summer-2007 to include the following key components;

- Mapping & prospecting over Airborne anomalies;
- Ground EM to more precisely locate drill sites;
- Drill testing of EM/Mag anomalies; and,
- Step-out drilling of intersections in the More Creek Area.

SeaGold Property

The SeaGold Project is a relatively early stage exploration project located 35 km north of Barrick Gold's Eskay Creek gold/silver mine in the Liard Mining Division, British Columbia. The property comprises 160 units in 8 claim blocks and covers an area of approximately 40 square kilometers, centered on a number of gold and copper occurrences.

On December 1, 2006 (subsequent to quarter-end), the Company completed the acquisition of a 100% interest in the SeaGold Project for staged payments totalling $100,000 and 200,000 common shares. The SeaGold 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 must also issue 200,000 common shares to the vendor upon the commencement of commercial production and advance royalty payments of $30,000 per annum commencing on December 1, 2007. This advance royalty ceases in the year in which commercial production commences at which time all advance royalty payments paid to commercial production are a reduction of future royalty payments.

Management has now focused all efforts and budget at MAX and Foremore and allowed a partner to fund exploration at the SeaGold Project. The Company has signed an agreement dated May 1, 2005 with Romios Gold Resources Inc. ("Romios") whereby Romios can earn an additional 50% interest in the SeaGold Property.

	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 (incurred)	-	-	150,000
December 1, 2007	75,000	150,000	-
December 31, 2007	-	-	700,000
	$ 200,000	600,000	$ 1,000,000

Upon vesting its initial 50% interest, Romios will have the right to earn an additional 25% interest in the SeaGold Property by paying the Company $2 million in cash or common share equivalent value at that time the additional option is exercised. 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.

Subsequent to the first quarter ended November 30, 2006, the Company paid $25,000 (2005 - $25,000) and issued 75,000 shares (2005 – 50,000) to the original property vendor to complete the 100% acquisition, and received $50,000 (2005 - $50,000) and 150,000 shares (2005 – 150,000) due under the terms of its option agreement with Romios.

Other Properties

In December of 2006, subsequent to quarter-end, the Company signed option agreements with a group of prospectors to acquire a 100-per-cent interest in four separate properties in the Revelstoke mining division of British Columbia based on a regional due diligence exploration program in September, 2006. That program also reviewed potential targets within a 100-kilometre radius of the Max Molybdenum Mine, resulting in the selection of the following important projects now under option:

The Farside property is a road accessible bulk tonnage porphyry prospect consisting of a 500-metre by 900-metre area containing outcrop of biotite quartz monzonite and skarn. These rocks host intensive veining and hornfels assaying in gold, bismuth, tungsten and molybdenum.

The Bonanza-Butte property consists of four high-grade silver-gold vein targets and one stockwork quartz-carbonate zone covering a 2,000-metre by 900-metre zone hosted in schistose rocks.

The Ellsmere-Horne property includes massive sulphide contact zones containing copper, lead, zinc, silver and gold exposed intermittently over a 4,000-metre strike length.

The Tin City property is a road accessible bulk tonnage tungsten and base metal target. Previous work by Newmont Exploration of Canada (1984 and 1985) reported assays up to 1.12 per cent WO3 over two metres from a 2,700-metre-long mineralized amphibolite unit.

The Company has now paid $7,500 and issued 60,000 common shares to the vendors and will, at its option, pay an additional $148,500 and issue 255,000 common shares to the vendors in staged payments ending April 1, 2010 to earn a 100% interest in all four properties. Each property is subject to a 2.0-per-cent net smelter return held by the vendors which may be purchased by the company for $2-million.

Operating Expenses and Loss

During the three months ended November 30, 2006, the Company incurred an operating loss of $148,419 and incurred exploration, development and acquisition costs of $7,661,778, compared to an operating loss of $272,203 and exploration expenditures of $174,824 for the comparable period in the prior fiscal year. General and administrative expenses decreased substantially over the comparable period in 2005 because of lower non-cash, stock-based compensation expense in the current fiscal year. On a cash basis, higher rent, office and sundry, travel costs, advertising and shareholder relations expenses help account for the overall increase in general and administrative costs over 2005, reflecting the Company's rapid expansion and transition from exploration-company to emerging producer. Exploration, development and acquisition expenditures increased significantly as the Company accelerated construction at the Max Molybdenum Mine.

Liquidity and Capital Resources

During the prior fiscal year ending August 31, 2006, the Company raised over $10.7 million through various private placements. In the first quarter ended November 30, 2006, the Company raised approximately $470,000 through warrant and stock option exercises. At November 30, 2006, the Company held cash and cash equivalents of $420,336 and a working capital deficit of $2,991,781 compared to cash of $317,154 and working capital of $219,600 at November 30, 2005. Due to some cost overruns and construction delays, the Company will require additional funding prior to completing development of the MAX Molybdenum Mine (see *"Subsequent Events")*.

Summary of Quarterly Results

	Nov. 30, 2006	Aug. 31, 2006	May 31, 2006	Feb. 28, 2006
Total revenues	Nil	Nil	Nil	Nil
Net income (loss)	(148,419)	392,186 [1]	(316,067) [2]	(122,570)
Net income (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	20,923,750	17,607,739	10,766,245	6,640,982
Total long term debt	Nil	Nil	Nil	Nil

	Nov. 30, 2005	Aug. 31, 2005	May 31, 2005	Feb. 28, 2005
Total revenues	Nil	Nil	Nil	Nil
Net loss	(272,203) [3]	98,126 [4]	(69,051)	(91,845)
Net loss per share	(0.01)	0.00	(0.01)	(0.01)
Total assets	6,499,131	6,307,296	5,058,825	4,662,247
Total long term debt	Nil	Nil	Nil	Nil

Note 1: The income recorded in the quarter ended August 31, 2006 includes a future income tax recovery of $273,130 and significant reallocations of stock-based compensation expense from general and administrative expenses to deferred exploration and development costs.

Note 2: The loss for the quarter ended May 31, 2006 includes stock-based compensation expense of $228,517.

Note 3: The loss for the quarter ended November 30, 2005 includes stock-based compensation expense of $170,306.

Note 4: The income recorded in the quarter ended August 31, 2005 includes a future income tax recovery of $178,000.

Related Party Transactions

Each of Scott Broughton, David Skerlec, John Mirko, and John Kiernan either directly or through a wholly owned company, provides consulting or contract services to the Company pursuant to a consulting agreement. Mr. Broughton charges a per diem rate of $400, and Messrs. Skerlec and Mirko charge per diem rates of $350. Mr. Kiernan is paid a monthly consulting fee of $13,000. During the three months 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 contained in deferred exploration and development costs for the year and the balance in consulting fees. During the three months 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. During the three months ended November 30, 2006 per-diem contract fees $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. During the three months ended November 30, 2006, 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. During the three months ended November 30, 2006, the Company was reimbursed for rent and office expenses totalling $5,309 (2005 - $nil) by a company with common management. As at November 30, 2006, current liabilities include $97,938 (2005 - $104,111) 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.

Risks and Uncertainties

The Company's financial success will be dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. The Company competes with many companies possessing greater financial resources and technical facilities than itself. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration and development activities will be successful. The development of mineral resources involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. All of the Company's short to medium term operating, exploration and development cash flow must be derived from external financing.

Actual funding may vary from what is planned due to a number of factors including the progress of exploration and development on its current properties. Should changes in equity market conditions prevent the Company from obtaining additional external financing; the Company will need to review its exploration and development property holdings to prioritize project expenditures based on funding availability.

Developing mineral deposits is subject to various risks and is dependent on a number of criteria, including the deposit size, grade, proximity to infrastructure, as well as commodity prices. While management believes that the grade and quantity of the high-grade measured and indicated molybdenite resource (280,000 tonnes of 1.95% at a 1% cutoff grade) at the MAX project is sufficient to justify mining and production, no feasibility study has been completed and therefore these resources should not be considered mineable reserves.

Contractual Commitments

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
	$	94,351

Also during the year ended August 31, 2006, 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.

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 to be completed subsequent to quarter-end.

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.

Outstanding Share Data

	Number of Shares		Amount
Balance – August 31, 2005	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	-		(273,130)
Balance – August 31, 2006	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	-		89,825
Fair value of warrants exercised	-		42,337
Balance – November 30, 2006	60,352,097	$	17,606,688
Issued for cash:			
Private placement of units – first tranche January 2007 - prorated fair value of common shares issued	1,828,571		2,124,555
Issued for SeaGold Project	75,000		98,250
Issued for Revelstoke Properties	60,000		90,000
Share Issuance Costs	-		(164,098)
Balance – January 25, 2007	62,315,668	$	19,755,395

During the first quarter ended Nov 30, 2006, 831,667 warrants exercisable at $0.40 per share were exercised for proceeds of $332,667 and 250,000 incentive stock options were exercised at $0.55 for proceeds of $137,500.

Subsequent to quarter-end, the Company issued 75,000 common shares to complete its acquisition of the SeaGold Project and issued 60,000 common shares upon TSX Venture Exchange approval of option agreements on four new properties in the Revelstoke Mining Division of British Columbia (see "*Subsequent Events*").

The Company also completed the first tranche of a proposed $7 million private placement raising 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 the continuation of Roca's fast-track development plans of the Max molybdenum mine.

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**			

Subsequent to quarter end, the Company issued 1,828,571 warrants upon the completion of the first tranche of a proposed $7 million private placement. Each warrant entitles the holder to acquire an additional common share until July 4, 2008, at a price of $2.25.

During the first quarter ended November 30, 2006, 250,000 incentive stock options were exercised at $0.55 for proceeds of $137,500. A summary of the Company's stock options at November 30, 2006 and changes for the first quarter is as follows:

Number Outstanding August 31, 2006	Granted	Exercised	**Number Outstanding November 30, 2006**	Exercise Price Per Share	Expiry Date
908,000	-	-	**908,000**	$0.20	17-Dec-07
150,000	-	-	**150,000**	$0.20	7-Jan-08
397,000	-	-	**397,000**	$0.20	11-Dec-08
930,000	-	-	**930,000**	$0.25	24-Aug-09
200,000	-	-	**200,000**	$0.25	26-Nov-09
975,000	-	-	**975,000**	$0.25	18-Oct-10
200,000	-	(100,000)	**100,000**	$0.55	13-Mar-11
450,000	-	(150,000)	**300,000**	$0.55	10-Apr-11
100,000	-	-	**100,000**	$0.60	8-May-11
4,310,000	1,875,000	(250,000)	**4,060,000**	$0.29	

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

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of November 30, 2006. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, are effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Off-balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Subsequent Events

In December, 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, at its option, 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.

The Company also completed the first tranche of a proposed $7 million private placement raising 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 continuing development of the Max molybdenum mine.

Outlook

The Company is rapidly advancing development of the Max Molybdenum Mine near Revelstoke, British Columbia. While weather conditions have delayed construction at MAX, the Company remains focused on achieving a production start-up in 2007. To make up for schedule slippage, the Company is now concentrating on expanding underground mine development and accelerating assembly of the second 500-tonne-per-day mill circuit to a total mill capacity of approximately 1,000 tonnes per day. Expansion of these elements will provide the surplus capacity and scheduling flexibility to meet the Company's production targets in 2007.

The Company also remains committed to new project generation and exploration.

Exploration at the Max Project will focus on expanding the known molybdenite mineralization at depth and following up on various tungsten zones of interest, some of which were newly discovered in 2006. Recently the Company also acquired four early stage exploration projects within a 100-kilometre radius of MAX, in the historically important Lardeau mining camp.

In the Eskay/Iskut camp in north-western British Columbia, the Company will continue to work with its partner on a gold exploration program at SeaGold and looks forward to renewing its advanced stage exploration program at the Foremore VMS-Gold project in 2007. The Foremore program will focus on both base and precious metal targets, following up on encouraging geological, diamond drilling and geophysical programs conducted in the summer of 2005.